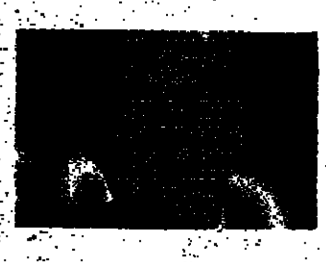
Italian economy

Amato must prove he has the clout

Page 12



US election

The campaign gets dirtier

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South America

Turning rivers into trade routes

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Olympics

Athletics: more heat in the big stadium

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NEWSPAPER of THE YEAR

FINANCIAL TIMES

Tuesday August 4 1992 | EUROPE'S BUSINESS NEWSPAPER | D8523A

Washington and Baghdad step up war of nerves

The US and Iraq continued their war of political gestures yesterday with American marines preparing to land on the beaches of Kuwait, and Baghdad vowing never to renounce its claim to the tiny neighbouring country it invaded two years ago. Baghdad newspapers repeated that Kuwait was Iraq's 19th province and that the invasion on August 2 1990 was "the greatest historic epic in the contemporary history of Iraq". They insisted that one day the province of Kuwait would be returned to its rightful owners. Page 14

Trans World Airlines, debt-laden US carrier operating under Chapter 11 bankruptcy protection, is believed to be close to reaching an agreement under which TWA owner Carl Icahn would cede control to employees and creditors. Page 15

Black Sea fleet deal: Ukraine and Russia agreed to share the Black Sea fleet and its land facilities under a united command until 1995, ending a dispute which had threatened the peace between the former Soviet republics. Page 14

Ivanisevic wins Croatia's first medal: Goran Ivanisevic won the first Olympic medal for Croatia by beating Frenchman Fabrice Santoro in a tennis quarter-final. There is no play-off for third place in Olympic tennis – both losing semi-finalists being awarded a bronze medal – but Ivanisevic said he wanted to win the gold to inspire his countrymen. Wayne Ferreira and Piet Norval guaranteed South Africa its first medal since 1960 by winning their tennis doubles quarter-final. Olympics, Page 7

Playmates, Hong Kong manufacturer of Teenage Mutant Ninja Turtles toys, will pay HK$235m (US$30m) for a 35.31 per cent stake in Idéal Loisirs, leading French toymaker which owns licensing rights to Babar the Elephant. Page 15

Bush camp in disarray: The disarray in President George Bush's re-election campaign deepened as he was forced to disown a senior aide's savage, personal attack on Bill Clinton, the Democratic presidential nominee. Page 14

Twist in LTV battle: The battle for LTV's aircraft and missiles businesses took a new twist when LTV announced a preliminary agreement to sell the entire operation to defence group Martin Marietta for $440m. Page 17

Banks seek Efim debt assurances: Foreign bank creditors to Efim, Italian state holding company in voluntary liquidation, want to know whether the government's plan to issue up to L4,000bn ($3.5bn) in new securities to cover the company's debts will be adequate. Page 15

German banker dies: Karl Thomas, a member of the Bundesbank's policymaking council and president of the regional central bank of Hesse, has died aged 63. Page 2

Collor crisis meeting: Brazilian president Fernando Collor held a crisis meeting of his economics team to draw up an "anti-impeachment plan" as he sought to cling to power. Page 3

General Electric, US manufacturing, services and technology company, underscored the increasingly global nature of its business by appointing an Italian, Paolo Fresco, as the first non-American member of its top executive team. Page 17

Lep Group, UK freight forwarding and security concern, has reached agreement with about 25 banks to swap £180m ($340m) of debt into equity. Page 15; Background, Page 21; Lex, Page 14

Delhi denies interference: Indian premier Narasimha Rao denied putting pressure on the leader of the investigation into the Bombay financial scandal who resigned last week. Page 4

NY police chief quits: New York police chief Lee Brown resigned, citing his wife's illness as the reason. His resignation follows allegations that a group of rogue officers sold cocaine and provided protection for Dominican drug gangs.

Nafta splits ministers: Trade ministers from the US, Canada and Mexico haggled in Washington over the final details of the North American Trade Agreement. Opponents say hundreds of thousands of manufacturing jobs will be lost to Mexico if the deal goes through. Page 5

UN soldier dies: A UN peacekeeping soldier from the Ukraine has died in a German hospital after being wounded by a mortar bomb in Sarajevo. Tudjman re-elected in Croatia, Page 2

■ STOCK MARKET INDICES

FT-SE 100:	2,420.2	(+20.6)
Yield	5.86	
FT-SE Eurotrack 100	1,089.17	(+1.4)
FT-A All-Share	1,151.28	(+0.7%)
Nikkei	15,788.45	(−200.83)
New York: lunchtime		
Dow Jones Ind Ave	3,391.62	(−2.16)
S&P Composite	424.1	(−0.11)

■ US LUNCHTIME RATES

Federal Funds:	3 5/16%
3-mo Treas Bills: Yld	3.229%
Long Bond	106 1/4
Yield	7.465%

■ LONDON MONEY

3-mo Interbank	10 7/16	(10 3/8 %)
Liffe long gilt future:	Sep 97 3/16	(Sep 96 9/16)

■ NORTH SEA OIL (Argus)

Brent 15-day (Sept)	$20.35	(20.375)

■ Gold

New York Comex (Aug)	$352.6	(357.4)
London	$353.5	(357.95)

■ STERLING

New York lunchtime:		
$	1.9232	
London:		
$	1.924	(1.92)
DM	2.84	(2.8425)
FFr	9.595	(9.605)
SFr	2.5375	(2.5325)
Y	244.75	(244.5)
£ Index	92.4	(92.3)

■ DOLLAR

New York lunchtime:		
DM	1.4765	
FFr	4.9845	
SFr	1.3185	
Y	127.255	
London:		
DM	1.476	(1.48)
FFr	4.9875	(5.0025)
SFr	1.3185	(same)
Y	127.25	(127.35)
$ Index	68.3	(same)

Tokyo close Y 127.25

Austria	Sch30	Hungary	Ft182	Malta	Lm0.50	S.Arabia	SR9.00
Bahrain	Din1.000	Iceland	IKr160	Morocco	MDh11	Singapore	S$4.10
Belgium	BFr60	India	Rs30	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000
Finland	FM10	Korea	Won 2500	Philippines	Pso45	Turkey	L6000
France	FFr8.50	Kuwait	Fils.500	Poland	Zl 18,000	UAE	Dh9.00
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es190		
Greece	Dr250	Lux	LFr60	Qatar	QR10.00		

Millions of S African workers stay at home at start of week of protest

Strike leaders claim success

By Michael Holman in Johannesburg

LEADERS of South Africa's general strike claimed a "resounding success" as millions of workers stayed at home on the first day of a week of protest.

Much of the country's business and industry was brought to a halt, or forced to cut output, with an estimated 90 per cent or more of the workforce staying away in the Johannesburg region, falling to about 50 per cent in Natal, where Chief Mangosuthu Buthelezi's Inkatha Freedom party opposes the strike.

The country's mining sector, however, was less affected, with Anglo American Corporation reporting that its gold and coal mines were "operating normally, with high attendance", ranging from a full turnout in the West Rand and Vaal Reefs regions, to 40 per cent at Freegold and about 75 per cent in its coal mines. The Johannesburg Chamber of Commerce and Industry said that members reported a stay away of over 50 per cent.

"South Africa has been plunged into a national crisis as a direct result of the government's intransigence in negotiations and its lack of political will to end the violence", Mr Cyril Ramaphosa, general secretary of the African National Congress told a news conference last night.

Although the first day of a two-day strike was marred by the deaths of at least 34 people between Sunday and yesterday evening, it was not clear how many of the killings were directly related to the stoppage. Cape Town's townships were effectively no-go areas as dozens of barricades, some alight, blocked the streets.

A 10-member team of United Nations observers was monitoring the violence, with the assistance of local organisations, in the first exercise of its kind in South Africa.

The real test of the campaign, intended to force President F.W. de Klerk into speedy agreement on a majority rule constitution, is yet to come. Past strike calls by the ANC and its allies, the Communist party and the Congress of South African Trade Unions (Cosatu), have had comparable success.

This time the alliance is committed to a week of protest, with rallies, demonstrations and sit-ins due to continue after the strike ends tonight. If today's level of support, or something near it, can be sustained, the pressure on Mr de Klerk may start to tell.

Mr Jay Naidoo, the Cosatu general secretary, made clear at the same news conference that he intended the protest to continue until Mr de Klerk gave way. If there was no positive response to the alliance's call for an early interim government, elections for a constituent assembly and an end to political violence, it would "continue its campaign of rolling mass action until the ... demands are met". Mr Naidoo said that 4m workers had responded to the strike call. "Millions have voted with their feet today."

The campaign organisers also claimed that school boycotts, opposed by many parents, ranged from 75 per cent in the western Cape to a total boycott in the Johannesburg region.

The city itself was quiet yesterday, with many shops and businesses closed, and few of the hawkers who usually set up stalls on streets in the centre. Parties opposed to the strike, including Inkatha and the Pan Africanist Congress, as well as employers, claimed that there had been intimidation, a charge denied by the ANC.

A further factor in the turnout is availability of transport, with few taxis or buses operating in many parts of the country.

● The nominally independent black homeland of Ciskei barred entry to a member of the UN team monitoring the strike.

"We were stopped at a road block in Ciskei on the way to the town of Mdantsane," said Mr Jose Campino, from Portugal, one of the observers.

Mr Campino said Ciskei police told him they were under orders to prevent him entering the homeland in Eastern Cape province. The homeland's military ruler is opposed to the ANC.

Growth fears in S Africa, Page 4
Image belies reality, Page 4

Fiery protest: demonstrators set up burning tyre barricades in Cape Town to prevent township residents going to work

Italy cuts discount rate as wage pact boosts lira

By Haig Simonian in Milan

THE Bank of Italy announced last night that it was cutting interest rates as pressure on the lira eased in response to abolition of the *scala mobile* wage indexation system.

The central bank said that from today it was reducing the official discount rate by half a point to 13.25 per cent and the rate for fixed-term advances to commercial banks by the same amount to 14.75 per cent.

Yesterday, the lira recovered strongly, breaking through the psychologically important barrier of L755 to the D-Mark, to be fixed at L754.95, its highest level for weeks.

The stock market also rebounded in response to the scrapping of the *scala mobile* and signs that prime minister Giuliano Amato's new government is having some success in countering the country's economic ills. Shares at the Milan stock exchange jumped 3.7 per cent. The Comit index closed at 416.64, up almost 15 from Friday's close of 401.72.

Equity dealers described the agreement to end the *scala mobile* as historic, even if many details of future wage bargaining arrangements have still to be fleshed out.

However, some brokers warned that yesterday's surge in prices came in a thin market, which had been affected by a breakdown of the screen-based dealing system and signs of selling by some foreign investors. Mr Leonida Guadenza, a leading Milan broker, warned against over-enthusiasm.

Some bankers felt that the country's new mood of industrial harmony could be damaged by Saturday's resignation of Mr Bruno Trentin, secretary-general of the CGIL union federation.

Mr Trentin's decision could prompt uncertainty and division within Italy's biggest trade union group, whose executive is split between a majority sympathetic to the Democratic Party of the Left and a faction aligned with the Reconstructed Communism party, which groups the hard left.

World Stocks, Page 34

US urged to block BA-USAir deal

By Paul Betts, Aerospace Correspondent

DELTA AIR LINES, the third largest US carrier, yesterday called for British Airways' proposed $750m equity investment in USAir, the sixth largest US carrier, to be blocked.

The request to the US Transport Department coincides with mounting pressure by the three largest US airlines, Delta, American Airlines and United Airlines, for greater access to the UK and other European markets through a revision of the existing aviation agreement between the UK and US.

American Airlines, the biggest US carrier, said yesterday that the US government should not approve the investment deal unless the US secured equal opportunities for US carriers".

However, the strongest attack came from Delta which called on the Transport Department to take action to stop the deal "as a matter of law".

Mr Ronald Allen, Delta's chairman, claimed the BA-USAir deal involved "a foreign carrier, cloaked in the protection of one of the most restrictive and anti-competitive international aviation regimes in the world, seeking control over a US carrier in violation of our government's current law and policy".

Mr Allen also claimed BA would exercise control "over virtually every significant business activity of USAir".

Even if BA's control of USAir was eliminated, Delta argued, the US government was obliged to protect US interests by requiring as a precondition to any deal a revised US-UK agreement giving US carriers free and open access to and from British cities.

BA yesterday said its agreement with USAir complied with US regulations and had no implications for the aviation regime between the two countries.

Under the deal negotiated at the end of last month, BA is proposing to acquire a 44 per cent equity stake in USAir. This would give it 21 per cent of the voting rights in the airline.

US regulations restrict foreign ownership in domestic carriers to 25 per cent of voting rights and 49 per cent of equity. BA said yesterday the US Transport Department had promised a rapid review of its proposed deal with USAir.

With its demand that the US authorities block the deal, Delta is adopting a more aggressive position than the two other big US carriers.

It claimed that if the deal was approved, the US industry's competitive edge in the world market would be "sacrificed". Mr Allen warned that the jobs of an entire US industry were at stake.

Continued on Page 14

Britain in talks to save Euro Fighter

By Ivo Dawnay in London and Haig Simonian in Milan

MR Malcolm Rifkind, Britain's defence secretary, flies to Madrid for talks with his counterparts on the troubled European Fighter Aircraft today amid signs that Italy and Spain may be losing faith in the four-nation project.

Ministry of Defence officials said last night that the chief aim of the talks remained to persuade Mr Volker Rühe, the German minister, not to "shut the door" on joining the aircraft's production phase. Germany made clear in May that it would not participate in the production phase, due to begin next summer.

But well-placed UK industry officials believe that the gloomy economic outlook is increasingly undermining Madrid's and Rome's commitment to what is, at an estimated cost of £20bn, ($38.2bn) Europe's largest defence collaboration project.

Italy's new defence minister, Mr Salvo Ando, gave the clearest indication to date yesterday that his country was having second thoughts about the project, at least in its present form.

Speaking in Brindisi he said the EFA "needs the German

Continued on Page 14

CONTENTS

Tudjman re-elected in Croatia

Outrage over Serb death camp claims

By Our Foreign Staff

INTERNATIONAL outrage is growing over allegations of Serb-run death camps in the former Yugoslav republic of Bosnia-Hercegovina.

The French government demanded yesterday that humanitarian organisations be allowed immediate access to camps in Bosnia-Hercegovina to investigate allegations of atrocities, following claims at the weekend that thousands of civilians have been slaughtered, starved or imprisoned.

The US yesterday confirmed such reports when a government spokesman said: "We know from our own reports that Serbian forces are maintaining what they call detention centres for Croatians and Moslems. There have been abuses, torturing and killings taking place in those centres."

The disclosures came as President Franjo Tudjman of Croatia won 55 per cent of the votes in the country's first presidential election since gaining independence from Yugoslavia.

In the concurrent parliamentary poll on Sunday, his ruling Croatian Democratic Union party (HDZ) looked set to gain a majority in the 124-seat parliament, after winning 41 per cent of the votes.

Mr Tudjman's critics said the result cast a shadow over the development of democracy in Croatia. Mr Zarko Puhovski, a professor of political philosophy at Zagreb University, said he was concerned the vote would be seen as a mandate for Mr Tudjman and HDZ to rule single-handedly.

"If they have been elected in both presidential and parliamentary elections, then they will understand the results as the legitimisation of their authoritarian rule," said Mr Puhovski. "This is the worst possible outcome in terms of democracy. Tudjman has ruled from some kind of court for years."

The vote for Mr Tudjman and the HDZ also appears unlikely to bring Croatia closer to a resolution of the Serbian question. Ethnic Serbs, who make up 12 per cent of the 4.5m population, generally abstained from voting – with the exception of urban Serbs. The 200,000 Serbs living in the UN-patrolled zones and 200,000 Serbs who fled the war to Serbia did not vote.

David Owen reports from London: Mr John Major, the UK prime minister, ruled out any immediate prospect of a militarily imposed solution in the former Yugoslavia, saying the international community could not be united behind such a policy.

Germany yesterday became the first European country to start destroying its cold war arsenal when officials lit a cutting torch to destroy a Soviet-made armoured car and a cannon, Reuter reports from Rochensussra.

Defence Minister Volker Rühe (right) and Foreign Minister Klaus Kinkel (centre) had to jump back from a massive BTR-40 P2 armoured personnel carrier (APC) as sparks showered over them.

"There is no place any more in a Europe of democratic states and pluralistic societies for over-armament and the bulging arsenals of the cold war." Mr Rühe said at the ceremony in this village near Erfurt in Thüringen state.

Mr Kinkel said: "This day is a symbol for the victory of reason and morality over confrontation and the arms race."

The APC and the 125mm Howitzer cut apart in Rochensussra, once behind the Iron Curtain, were the first of about 40,000 tanks, artillery and helicopters that European states will destroy by late 1995.

Analysts criticise Belgian budget

By Andrew Hill in Brussels

THE Belgian government yesterday unveiled a surprisingly soft budget for 1993, which was sharply criticised by economists and market analysts.

The measures should reduce the country's large budget deficit from an estimated 5.7 per cent of gross national product in 1992 to 5.2 per cent next year. The target is to reduce the deficit to 3 per cent of GNP by 1996, one of the criteria for European economic and monetary union (Emu).

Analysts were unhappy that Mr Jean-Luc Dehaene, Belgium's prime minister, had not persuaded cabinet colleagues to push for a more drastic reduction in the deficit to 4.9 per cent of GNP in 1993. Mr Dehaene had been expected to follow up the strict measures introduced in April's "emergency" budget for 1992.

Commentators said, in particular, that the government had not done enough to tackle the looming problem of expenditure on unemployment benefit, which was roundly criticised in an Organisation for Economic Co-operation and Development (OECD) report on Belgium, published last month.

The government is proposing to freeze general income tax bands, which would normally increase in line with inflation. The temporary suspension of indexation should raise about BFr57bn ($1.87bn) over the next four years. The government is also planning an increase in taxes on fuel and a small annual tax on "co-ordination centres" – the headquarters of multinational companies established in Belgium.

Analysts were also surprised by undefined proposals to sell some state assets, which the government said could raise about BFr50bn over four years.

Sejm strengthens Polish government

By Anthony Robinson, East Europe Editor

THE Polish parliament (Sejm) has voted to strengthen the hand of government and tackle the long-standing conflict with President Lech Walesa which led to political instability and delayed economic reforms and foreign investment.

Under constitutional amendments which received the required two-thirds parliamentary majority at the weekend, Ms Hanna Suchocka's government will be able to bypass lengthy parliamentary procedures and make economic policy decisions by decree.

President Lech Walesa is expected to approve this shortly although he is not entirely happy with changes which could improve government efficiency but diminish his own freedom of manoeuvre.

The latest amendments give Mr Walesa greater say in forming new governments but make it much harder to dismiss them. The president is recognised as the highest representative of the state in both internal and external relations, but the amendments included in the so-called "small constitution" make it possible for the government to rule by decree.

Parliament's willingness to give greater powers to the government reflects awareness of public disapproval of the government's inability to react quickly to economic problems and frequent government crises. The latter have been exacerbated by the ill-defined division of powers between the president and governments proposed by him.

The strictly constitutional aspects are only part of a wide-ranging effort to improve the efficiency of government and reform the military and security structures inherited from the communist era.

At a meeting with provincial governors at the weekend Mrs Suchocka said she wanted to set up a professional, apolitical civil service and improve the management of the many enterprises still in state hands. The government was also looking at ways of increasing workers' share of enterprise ownership but had decided against any automatic debt relief for beleaguered state enterprises.

Meanwhile the National Defence Committee, the top level defence planning body chaired by Mr Walesa but including the prime minister and the ministers of foreign affairs, internal affairs and finance, has worked out a new draft defence doctrine.

This has at its heart an apolitical, smaller army of 250,000 distributed around the country. It will have far fewer generals, 150 instead of 450, and professional staff officers. Poland will also create a rapid deployment force from which Polish contingents to future international peace keeping operations will be drawn. Mr Walesa stressed that Poland's long term aim is "full integration with the North Atlantic Alliance and the European Union".

Apart from its defence functions, the armed forces must also be able to cope with internal threats which may emerge during the transition to a market economy, Mr Walesa said.

There are strikes over pay in the Polish copper industry and at the small-car plant recently bought by Fiat. Overall however the Polish economy appears to be recovering after three years of steep recession in the public sector, accompanied by rapid small scale privatisation, with rising exports helping to create a nearly $1bn current account surplus over the first half of the year.

President of Hesse central bank dies

By Andrew Fisher in Frankfurt

MR Karl Thomas, one of the most experienced and influential members of the Bundesbank's policy-making council, died suddenly at the weekend.

Mr Thomas, 63, was also president of the regional central bank of Hesse, the German state which includes the banking centre of Frankfurt. He had held this position for only 2½ years of his eight-year term but was an energetic supporter of efforts to promote Frankfurt as the site of the European central bank and to develop its strength as a financial centre.

He supported reforms, such as a new supervisory body for the Frankfurt Stock Exchange, aimed at improving the city's financial status in competition with other European centres and preventing trading scandals like those which surfaced last year.

Mr Thomas, born in Chemnitz in Saxony in east Germany, also argued strongly in Bonn for reforms to the Bundesbank's structure which are now being implemented and which will make the council less unwieldy.

Unlike some of the other regional central bank heads who have a political background, Mr Thomas came from the ranks of the Bundesbank, where he had spent about 40 years after studying economics in Berlin. He became head of the credit department, an important part of the central bank's operations.

He had backed the Bundesbank's efforts to damp down inflation and curb money supply growth, including the latest interest rate rises.

Mr Thomas's successor as president of the central bank of Hesse, and thus as a member of the Bundesbank council, will be chosen by the state government in Wiesbaden in conjunction with the upper house of the Bonn parliament.

Britain seeks to defuse border control dispute

By David Owen in London and Andrew Hill in Brussels

MR Kenneth Clarke, Britain's home secretary, is examining how further to lighten the burden on European Community citizens posed by British immigration and passport controls, in an attempt to defuse the long-running dispute over Britain's intention to retain border checks beyond the end of this year.

But the European Commission is maintaining that all border controls must be lifted from January 1, 1993.

According to the Home Office, Mr Clarke has given an undertaking to Mr Martin Bangemann, European internal market commissioner, that he will "reflect on what more could be done to lighten the touch on EC nationals".

Mr Bangemann yesterday denied reports that the Commission had already agreed to allow the UK to keep border controls on people. He said Brussels stuck to its interpretation of the Single European Act, which aims to establish a barrier-free internal market.

He and Mr Clarke will meet again on September 1 to discuss the issue.

In theory the Commission could take any member state which retains border controls to the European Court of Justice. It is more likely that the January 1 deadline will be postponed, as other EC members are worried that external borders will not be strong enough to allow all controls to be lifted.

The Home Office said that Britain's determination to retain immigration controls on third-country nationals travelling from EC countries would require a "light" passport check on EC nationals "simply to establish their nationality".

Mr Clarke told EC immigration ministers in June that it would not be in anyone's interest to have "a major row" on the issue, "especially given the difficulties surrounding ratification of the Maastricht treaty".

Russian cabinet split over big credit boost

By John LLoyd in Moscow

A ROW has broken out inside the Russian government, and between the administration and the central bank, over the issuing of a further Rbs1,000bn of credit by the bank to prop up large state companies struggling under vast loads of debt.

Mr Pyotr Fillipov, chairman of the parliamentary subcommittee for privatisation, said the move would "push the country to the edge of an horrendous economic crisis" and raise inflation to between 70-80 per cent a month, from 15 per cent now.

Mr Victor Gerashchenko, the new acting chairman of the central bank, promised to issue the credit at the end of last week, though most ministers appear to be strongly opposed. However, at least two – Mr Georgy Khizha, deputy prime minister, and Mr Victor Chernomyrdin, minister for fuel and energy – were reported yesterday to support the move.

Even so, Mr Vladimir Shumeiko, the first deputy prime minister, is said to be against the plan.

All three ministers were brought into the cabinet in June, in a move seen as aimed at diluting the radicalism of the cabinet of Mr Yegor Gaidar, the acting prime minister.

In an article in the newspaper Izvestia yesterday, Mr Fillipov said Mr Gerashchenko's decision would destroy the economic policy of President Boris Yeltsin and the government. The largest share of credits would go to enterprises which had run up the largest debts because they sold nothing anyone wanted to buy or had put up their prices beyond consumers' reach.

Mr Gerashchenko's policy – which is to support industry, attempt to pay back foreign debts and postpone both the struggle against inflation and any attempt to make the rouble convertible – is opposed, with increasing directness, both to the policy of the government and to measures recommended by the International Monetary Fund.

W German output falling

By Christopher Parkes in Bonn

WESTERN Germany's industrial output in the second quarter of this year was 2.2 per cent lower than in the first three months, the Economics Ministry reported yesterday.

The ministry, which also revised May production figures from a provisional increase of 0.7 per cent to a fall of 0.1 per cent, and unveiled a 2.1 per cent month-on-month drop for June, laid part of the blame on the early start to the holiday season.

However, the figures revealed the underlying economic slowdown, masked earlier in the year by the beneficial effects of unusually mild winter weather on sectors such as construction.

The seasonally-adjusted index of industrial production, which had been falling gently earlier in the year, fell 2.5 points to 118.7 in June and stood 5.6 points below the level of June 1991.

A two-month comparison of output in May and June with the same period in 1991 showed a 2.1 per cent drop. Only raw materials and construction showed any improvement. Output of capital goods fell 3.3 per cent. Consumer durables were down 3.5 per cent and food and drink output fell 4.5 per cent.

In a similar comparison with March and April of this year – two-month series are considered to be less susceptible to short-term influences – industrial production fell 1.5 per cent.

Europe's spending on advertising falls

By Gary Mead, Marketing Correspondent

WORLD ADVERTISING EXPENDITURE SUMMARY (Year-on-year % change)

	1991		1992*		1993*		1994*	
Major media	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real
North America	-1.8	-5.9	1.5	-1.5	3.3	-0.3	3.8	0.1
Europe	2.7	-2.3	5.9	0.7	6.6	1.3	7.5	1.7
Asia/Pacific	4.2	0.0	7.4	4.0	7.4	3.5	7.7	3.6
Latin America	9.3	n/a	14.6	n/a	14.3	n/a	14.9	n/a
Africa/Mideast/ Rest of world	9.3	n/a	10.5	n/a	11.4	n/a	12.1	n/a
Total	1.4	-3.1	4.8	0.6	5.8	1.2	6.5	1.5

*Projection

Source: Zenith

EUROPEAN advertising expenditure declined sharply in 1991 according to figures published yesterday by Zenith Media, the media buying and planning wing of the Saatchi and Saatchi advertising group.

Advertising revenue in Spain collapsed last year, following six years of real growth in excess of 11 per cent annually. Zenith expects the decline to continue this year, despite the impact of the Barcelona Olympics and Seville's Expo '92. The recent proliferation of television channels in the country has led to heavy discounting of advertising space.

In France, the world's fifth largest advertising market by expenditure, a return to real growth is not expected before 1994.

The French industry is forecast to grow in nominal terms by 2.4 per cent this year, representing negative real growth of 0.6 per cent.

Negative real growth is also expected in Finland, the Netherlands, Sweden and Switzerland.

Zenith suggests there is ground for optimism in the UK, with television advertising expenditure up by 2.1 per cent in real terms in the first half of 1992. However, the figure must be set against a real decline of 4.1 per cent in UK television advertising revenue last year.

The US advertising industry also saw slight improvement in the first half of this year. According to the study, US advertising – which accounts for about 39 per cent of world major media expenditure – should move from decline into real growth in 1994.

But Zenith has revised downwards its forecasts made last December for global advertising spending in 1992; moving from 5.5 per cent to 4.8 per cent nominal growth, or 0.6 per cent in real terms.

● *Advertising Expenditure Forecasts, available from Zenith Media Worldwide, Bridge House, 63-65 North Wharf Road, London W2 1LA. £175.*

Isolated Macedonia holds on to stability and a name

Kerin Hope finds the independent but unrecognised ex-Yugoslav republic enjoying rare political and economic order

INDEPENDENT but unrecognised, the beleaguered ex-Yugoslav republic of Macedonia is still managing to hold on to political and economic stability.

Mr Petar Gosev, the prime minister designate, is expected to announce a new government this week. It will be a delicately balanced coalition between his ex-communist Social Democrat party and the ethnic Albanian party for Democratic Prosperity.

Its survival will depend on whether the European Community decision in June that Macedonia should not be recognised under its present name can be reversed. Greece, its southern neighbour, insists on a change of name on the grounds that an independent Macedonia could one day make a territorial claim on the adjoining Greek province of the same name.

But Mr Kiro Gligorov, Macedonian president, and Mr Gosev say they have little room for manoeuvre. Mr Gligorov says: "Without the name, we have no identity. It distinguishes us from other Slavs. The Greeks say, denounce the name and then we will talk. But who can do that?"

If the new government compromises on the issue of the name, it risks provoking an outburst of nationalism that could be exploited by the main opposition party, the Internal Macedonian Revolutionary Organisation (VMRO). Tension is already apparent between extremist nationalists in VMRO and the ethnic Albanian minority, which makes up more than a quarter of the country's 2.3m population.

Macedonia has joined the UN embargo against Serbia, its main trading partner. According to Mr Ivanco Stefanov, foreign undersecretary, the cost of applying sanctions will amount to $1.3bn, equivalent to Macedonia's total annual export earnings before the collapse of the Yugoslav federation.

Efforts are under way to ensure that technical assistance from the European Bank for Reconstruction and Development can continue. But Macedonia will not be eligible for EC financial aid or for loans from international institutions.

Greece has been enforcing unofficial sanctions in recent months. About two-thirds of Macedonian imports used to come by road from the northern Greek port of Salonica, but delays and obstruction on the part of Greek officials have forced Macedonian companies to find an alternative route through Bulgaria.

Shops in Skopje, now mostly under private ownership, are well stocked as the government rarely attempts to collect customs duties on consumer goods shipped through Bulgaria, according to local businessmen. Food prices have come down, thanks to a good harvest and lack of opportunity to export.

Still, Macedonia's economic policymakers have a difficult course to steer. "We must be pragmatic about coping with our predicament but we can't abandon plans for restructuring to develop a full market economy," says a government adviser.

One pressing problem is to find backing for a new currency, the denar, due to be launched by the end of 1992. Yugoslav dinars were withdrawn from circulation as part of an anti-inflation package launched in April. They were replaced with a transitional currency, the Macedonian coupon, on a one-for-one basis.

A public-sector wage freeze was imposed at the same time, together with price controls on a basic shopping basket, including bread, sugar and cooking oil. The result has been the monthly inflation rate has fallen from 80 per cent in April to 17 per cent in June.

But Macedonia's foreign exchange reserves total less than $40m, including $5m in gold. "We need a substantial loan if we are to make the denar convertible, but international recognition is necessary first to establish our creditworthiness," says Mr Borko Stanoevski, central bank governor.

The transitional currency is unofficially propped up by a steady inflow of D-Marks, estimated at more than $750m last year, brought home in cash by migrant workers in Switzerland and Germany. Coupons are used for public sector wages and payments, while the D-Mark serves as a parallel, convertible currency for the private sector.

Meanwhile, the government is pressing on with legislation to attract foreign investors and broaden the privatisation programme to include more than 1,400 industrial and service sector companies. One encouraging sign is a project by Daewoo, the South Korean electronics giant, to start producing telecommunications equipment later this year at a state-owned plant on Lake Ochrid, close to the Greek border.

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Collor tries to hold power by spending

By Christina Lamb in Brasilia

BRAZIL'S economic realities were thrown to the wind yesterday as beleaguered President Fernando Collor held a crisis meeting of his economies team to draw up an "anti-impeachment plan". His aim is to cling to power at all costs.

The *São Paulo* stock market closed 7.3 per cent down on the day yesterday, after the Brazilian press had reported that senior economy ministry officials, including Mr Francisco Gros, central bank governor, were threatening to resign over Mr Collor's decision to relax economic austerity and redraw the government budget to devote resources to projects such as road-building.

He would thus seek crucial support in Congress for the president needs the votes of 168 Congress members to survive the impeachment initiative, expected to begin next week, over his ties to Mr Paulo Cesar Farias, a businessman under investigation for alleged running of a multi-million-dollar bribery scheme.

The members of the economic team are eager to resist compromising the economic stabilisation programme, as this could jeopardise the country's accord with the International Monetary Fund and agreement in principle with creditor banks abroad on the restructuring of $42bn in commercial debt.

The political crisis could hardly have come at a worse time in terms of the economy. Inflation remains near 22 per cent a month, domestic debt is soaring – up 157 per cent so far this year in real terms – tax revenues are 18.4 per cent down and unemployment in São Paulo, the country's industrial heartland, is at record levels.

With urgently-needed fiscal reform delayed by the political crisis, Brazil is continuing to miss the targets of its IMF accord, agreed in January, and it is becoming increasingly difficult for Mr Michel Camdessus, IMF managing director, to keep the agreement in place. Officials of the Brazilian economy ministry admit that no one wants to head a mission to Washington to explain.

Mr Collor is in a very sensitive position. On the one hand, he needs to open Treasury coffers to buy political support; on the other, he cannot risk resignations from his cabinet. If one minister goes, others may well follow. The continued presence in the cabinet of Mr Marcilio Marques Moreira, the well-respected economy minister, is seen as more important to the country's stability than the survival of Mr Collor.

Yesterday, the minister denied that key members of the economic team had threatened to resign over Mr Collor's efforts to redraft the budget.

The government hopes Congressional enthusiasm for impeachment will be dampened by threats from Mr Farias to expose over 100 federal and state legislators he claims to have helped financially in their election campaigns. Congress has not yet considered any impeachment requests against Mr Collor; a Congressional committee investigating the corruption charges is still a week away from announcing its findings. Mr Jorge Bornhausen, minister in the president's office, said at the weekend a request for impeachment was inevitable, but "the impeachment will not pass."

Purchasing index shows low growth

By Michael Prowse in Washington

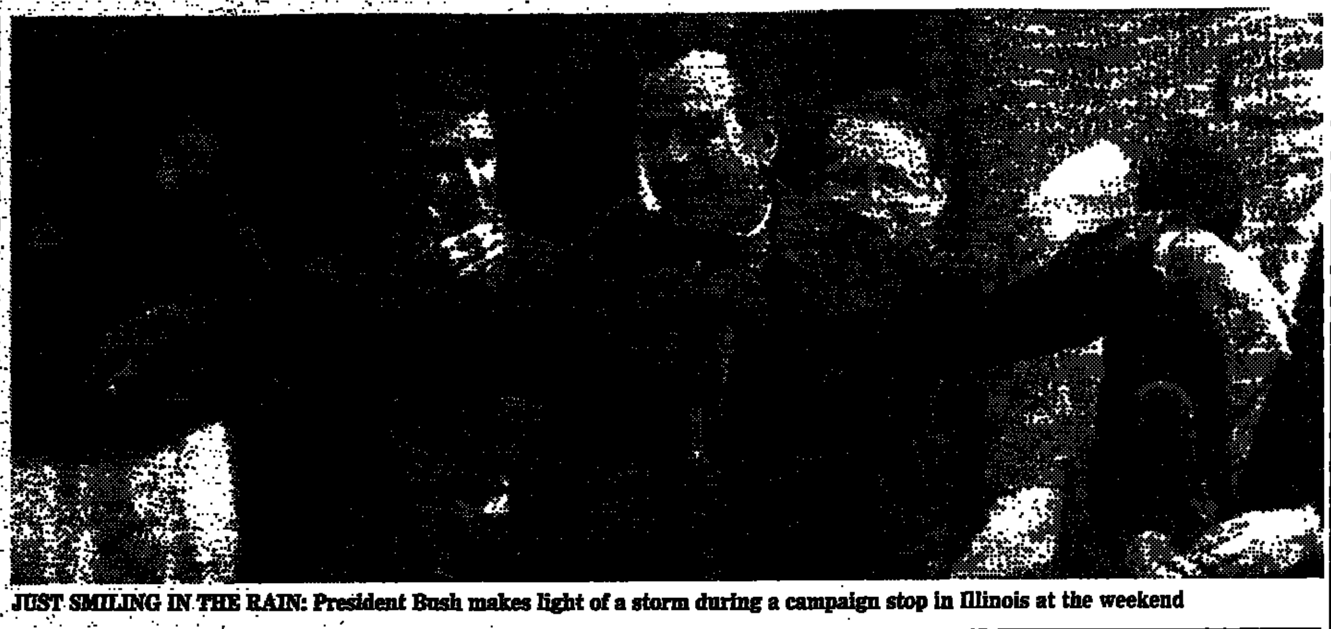
THE Purchasing Managers' Index – a closely-watched indicator of the health of US manufacturing – registered a small rise last month, suggesting factory output is continuing to grow sluggishly.

The index rose to 54.2 per cent, against 52.8 per cent in June, a bigger increase than generally expected in financial markets.

However, the index remained below its recent high of 56.3 per cent in May and far below the levels expected in a normal economic recovery.

The report provides no comfort for the Bush administration, which was hoping for a significant acceleration of growth in the second half. Also, the index's resilience argues against a triple-dip recession involving a fresh decline in output.

Mr Robert Bretz, for the National Association of Purchasing Management, said the figures pointed to continuing economic growth at the sluggish pace registered in the second quarter. Gross domestic product grew at an annual rate of 1.4 per cent in April-June, according to a preliminary Commerce Department estimate published last week.



JUST SMILING IN THE RAIN: President Bush makes light of a storm during a campaign stop in Illinois at the weekend

Guatemala peace talks resume with new hope

THE Guatemalan government and left-wing guerrillas, seeking to end the long-running conflict in their country, resumed peace talks in Mexico City yesterday, with the first real hope of progress in nine months, agencies report from Guatemala City.

The negotiations to end a war that has cost more than 100,000 lives over three decades began in April 1991 and have been near deadlock over human rights since October.

But the mediator, the Guatemalan bishop Rodolfo Quezada, last week told the diplomatic corps in the capital that the two sides had narrowed their differences considerably.

The government has accepted the bishop's three-point plan to try to break the deadlock. It calls for a commission to document, but not punish, past atrocities and for the government to guarantee the rights of captured rebels and of those who disarm.

Mexico parties dispute results of state polls

MEXICO'S ruling Institutional Revolutionary Party (PRI) and the conservative opposition National Action Party (PAN) both claimed the lead yesterday as officials counted votes from a northern state election, AP reports from Durango.

Each accused the other of cheating after polls were held in Durango and five other states on Sunday.

Mr Francisco Gamboa Herrera, PRI chairman in Durango, said early returns indicated his party would win 50 per cent of the vote, enough for "an unquestionable triumph."

Mr Rodolfo Elizondo, the PAN candidate, said 14 per cent of the vote put him four-to-three ahead of his PRI rival, Mr Maximiliano Silerio Esparza, former agrarian reform minister.

Official results are due today but will not be certified until August 9, giving parties a chance to challenge the declared count.

If it's in Spanish on the box, it must be Televisa

Damian Fraser tracks the Hispanic media empire

WATCH a soap opera in Lima, Caracas, Mexico or Miami, and the chances are it will have been made by Televisa, the giant Mexican television company. Turn on the international news, and it will probably have been produced by Echo, Televisa's Spanish-language alternative to CNN. Buy a Spanish-language glossy magazine, and it may well have been published by a Televisa subsidiary.

Televisa is rapidly becoming the Hispanic world's dominant media group. It has recently bought large stakes in television channels in Chile and Peru and has joint ventures with others in Venezuela and Argentina.

In April, it bid, with partners, $550m for Univision, the largest Spanish-language network in the US. Last week it paid $130m for the American Publishing Group, distributor of some 80 Spanish-language titles, turning Televisa into the world's largest Spanish-language publisher.

The company has a near total stranglehold on entertainment in Mexico, controlling 90 per cent of the television market, 10 radio stations, the largest cable station, record labels, two national football teams, the national bull ring, popular magazines, and one of the best museums.

If Televisa succeeds in its ambition of dominating Latin America's airwaves, Mr Emilio Azcarraga, the company's president, will become not just the continent's most powerful media baron, but arguably as important in Latin America as William Randolph Hearst was in the US in the 1920s. Mr Azcarraga known as *El Tigre*, is already Mexico's richest man, worth $2.8bn, according to Forbes magazine.

Televisa's purchases of Hispanic channels are intended to let it take a bigger slice of profits generated from its hugely popular soap operas (*telenovelas*). Televisa produces about 40 per cent of all Spanish-language television shown in Latin America and the US. At present it earns just the distribution fees – around 15-25 per cent of profits generated by their programmes. It would like to increase this to at least 50 per cent, explains Mr Fernando Diez Barroso, Televisa's vice-chairman.

But many Televisa watchers see a different plan. The larger and more powerful Televisa becomes in the Hispanic world, the harder it can squeeze its competition, its long-suffering advertisers, and its huge in-house stable of Spanish-speaking performers.

The Mexican government is about to privatise two network channels, 7 and 13, and Univision – until Mr Azcarraga acquired it – was a rumoured bidder.

The near-monopoly Mexican company is dominating the market from Lima to Los Angeles

"Televisa wants to have a quasi-monopoly in the Latin world," explains Hermann von Bertrab of the Bertrab Mexican Report, "partly because of excellent growth prospects in the Hispanic market, but also to protect its home turf from entrants." Televisa's near-monopoly in Mexico enables it to charge advertisers in advance, and it has raised rates 180 per cent in two years.

On the production side, Televisa's influence is so pervasive that many Latin performers live in fear of it. Televisa makes most of its employees sign exclusive contracts, forbidding them to work for other companies. The fewer alternatives there are, the more leverage Televisa has. Multivision, the cable network competition to Televisa, already has to pay its performers a premium because they fear being blacklisted by Televisa.

Mr Diez Barroso, the nephew of Mr Azcarraga, denies such a black-list exists, but says: "If somebody under contract walks away, of course there is a problem."

He readily accepts that Televisa's vast presence gives it an advantage over competitors. "We can offer actors a soap opera for six months, then a movie. After that they can work in a nightclub. And if the lady sings we can cut her a record, and it is distributed throughout the world." In return, "we are going to ask her to behave in a certain manner. Its like the star system in old Hollywood."

Hispanic groups in the US have objected to Televisa's intended minority purchase of Univision – still subject to approval by the Federal Communications Commission – in part because of the feared cultural effects of having this monolith responsible for US Spanish-language television.

Several groups have formally filed complaints before the FCC against the acquisition, claiming that Mr Azcarraga has used an American investor, Mr A. Jarrold Perenchio, as a frontman to circumvent FCC rules that limit foreign ownership of stations to 25 per cent. Mr Diez Barroso describes the charge as ludicrous, given that Mr Perenchio is a respected producer in his own right.

Ms Esther Renteria, head of the National Hispanic Media Coalition in Los Angeles, is also fearful about biased news coverage. Televisa rarely criticises the Mexican government, almost never covers demonstrations alleging vote fraud, or embarrasses it in any way. "The Mexican government uses newspapers to form political opinion, and Televisa to shape public opinion," explains Raymundo Riva Palacio, a columnist for El Financiero newspaper.

Televisa already has an option to increase its stake in Univision, if the proposed North American Free Trade Agreement changes FCC rules with regard to Mexican purchases. Mr Diez Barroso is clear about his company's ambitions in North America: "We see this as one market in years to come, speaking two different languages. We will be number one in the Spanish-speaking part."

Strike sparks growth fears in S Africa

By Philip Gawith in Pietermaritzburg

THIS week's general strike and mass action campaign in South Africa takes place against a crescendo of alarm bells about the weak state of the country's economy.

Mr Derek Keys, minister of finance, said last week that although the short-term disruption caused by the strike would be substantial in terms of jobs lost, income forgone and general disruption, there was also a danger of more lasting damage.

"If this stayaway becomes prolonged for purely political reasons, if it becomes more than simply a gesture of protest, the verdict of the overseas markets is going to be adverse and there is no court of appeal," said Mr Keys.

Mr Keys's comments coincided with a warning by the Old Mutual, the country's largest financial institution, of the damage being caused by political uncertainty.

Mr Dave Mohr, chief economist, said it needed to be asked "whether the economy will recover at all until such time as the current political disputes have been settled and greater certainty reached about the political situation in general".

Mr Mohr added: "Put differently, there is growing concern that the long-term deterioration in the domestic growth performance may persist for some years to come". The growth performance of the economy over the past three years has been the poorest for any three-year period since the second world war.

The economy shrank by 0.5 per cent in 1990 and 0.6 per cent in 1991.

Earlier this year, there was consensus among economists that a positive growth rate of up to 2 per cent would be achieved in 1992.

Slower recovery in world markets, an unexpected deepening of the domestic recession and a disastrous drought, however, have resulted in a drastic downward revision of forecasts.

Old Mutual is now forecasting a decline of 1.5 per cent or more in real GDP for the year, while ABSA, South Africa's largest banking group, is forecasting a 1 per cent decline.

The further slowdown in the economy has serious fiscal implications. The Treasury was forced to concede recently that its revenue forecasts for fiscal 1992-3, on which a forecast budget deficit of 4.5 per cent had been based, now looked "somewhat optimistic".

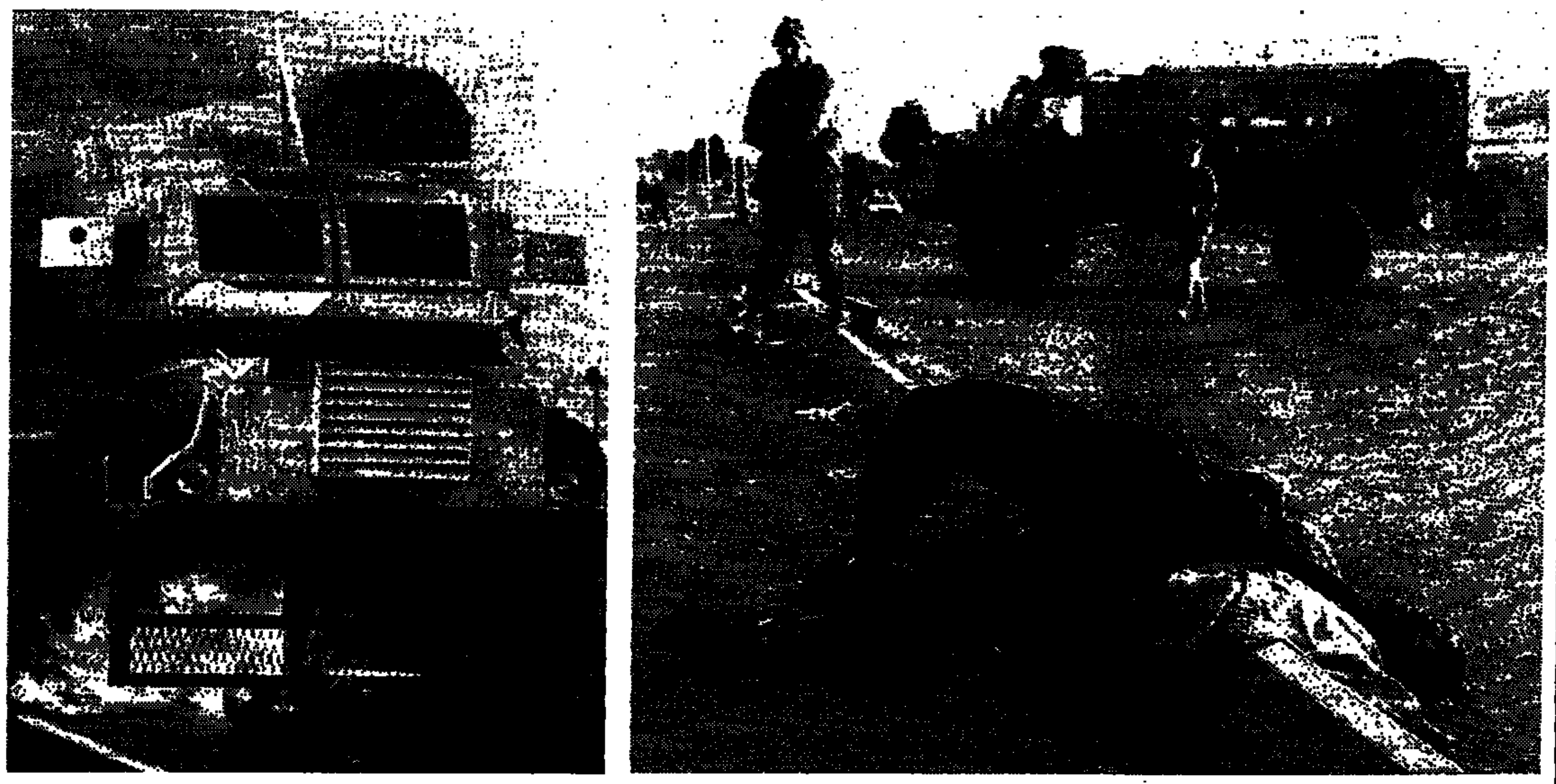
'If this stayaway is prolonged...the verdict of overseas markets will be adverse'

'Old Mutual says that a deficit of "well over 5 per cent" is "very likely", while ABSA is forecasting 6.1 per cent.

● The strike was broadly effective yesterday in urban centres but patchy in the mines which produce much of the nation's wealth. Mining houses said gold and platinum production was virtually normal but coal was hit, Reuter adds.

The South African Chamber of Business (Sacob) said the workers' stayaway was influenced by intimidation, transport difficulties and contingency plans made by employers. There were wide disparities in regional and business sector absenteeism, it said.

"The full [economic] impact on business has still to be evaluated," it added. "The total stayaway is not likely to have exceeded 2m workers in the private sector."



CONFRONTATION: An armoured car smashes a barricade in a township outside Cape Town while, right, a man lies dead in Soweto after police clash with strikers

Image belies reality in violent capital

Thousands have died but yesterday Pietermaritzburg was quiet, writes Philip Gawith

IMAGE belied reality on a balmy day in Pietermaritzburg yesterday.

More than 3,200 people have died in the townships in and around the Natal capitalsince January 1987, victims of the bitter rivalry between the African National Congress and Inkatha. So far, however, the tensions surrounding the two-day ANC strike have not turned into widespread violence.

The townships surrounding Pietermaritzburg have for long been part of the front line in one of the most strife torn regions of South Africa, and tensions built up considerablyin the last few weeks as the strike gre closer. Both the ANC and the Inkatha Freedom Party (IFP), the two main warring political groupings in the area, suffered attacks over the weekend.

But yesterday it was mostly quiet. This was borne out by a three hour trip through the main IFP and ANC support regions in the surrounding area.

Mr Radley Keys, an unrest monitor for the Democratic Party, did say, he had received a number of reports of people being "intimidated" to stay away from work.

Not all parts of Natal were as fortunate as Pietermaritzburg. Twenty one deaths were reported in the province on Sunday and Monday. Eleven of the victims were shot on Sunday night in four separate, but related incidents in the Esikhawini township near Empangeni, north of Durban.

Police said they had no knowledge of who was responsible for the attacks or whether they were related to the strike.

Mr M.G. Ramcharan of Guyana, one of the ten UN officials in the country to monitor the violence, flew to the scene to investigate. His American colleague, Mr John Renninger, monitored the Midlands region - both in helicopters.

In the Northern, poorer end of Pietermaritzburg, taxi ranks servicing the main black areas like Imbali, Edendale, Sweetwaters and Vulindlela were deserted. Mr Keys said: "This gives one an idea of the stranglehold on transport that is being exercised."

From Pietermaritzburg we drove to Mpophomeni, the small ANC stronghold near Howick which has been a scene of bitter conflict in the past. Yesterday there was a relaxed atmosphere.

Schools were closed and pupils at home, but there was no marching in the streets. The same pattern was found in Edendale and Imbali, where Mr Alphas Sibiya, a member of the local civic described the stayaway as "very quiet, but very supportive."

In Durban roads leading to Kwamashu, Umlazi and other large townships were barricaded to prevent people getting to work.

According to the South African rail commuter corporation, trains which normally carry about 50,000 people every morning were running at 2 per cent capacity.

Preliminary figures from the South African Labour Bulletin estimated a 75 per cent stayaway in Durban.

Two journalists were shot and wounded in a South African township yesterday while covering a general strike called by the African National Congress (ANC), Reuter reports from Johannesburg.

Mr Paul Taylor of the Washington Post was shot in the left shoulder and Mr Phillip van Niekerk of South Africa's Weekly Mail and the London Guardian was shot in the mouth by gunmen who stole their car in Sebokeng south of Johannesburg, police said.

Both men were flown to clinics in Johannesburg.

A clinic official declined to comment on Mr van Niekerk's condition but a Weekly Mail reporter said it was believed to be stable.

An official at the clinic treating Mr Taylor said he was stable and was to undergo surgery last night to have a bullet removed.

Police last month advised non-residents not to enter Sebokeng, one of the most violent black townships. Police regularly come under automatic fire from residents in some sections of the impoverished settlement outside Vereeniging.

Mr van Niekerk, the Mail's political editor, also writes for Dutch newspaper Volkskrant and the Toronto Globe and Mail of Canada.

Turkey soothes Syria fears

By John Murray Brown in Istanbul

SYRIA and Turkey have decided to revive joint ministerial meetings on water and agriculture.

During a weekend visit, Mr Hikmet Cetin, the Turkish foreign minister, reassured Mr Farouq al-Shara, his counterpart in Damascus, that Turkey would continue the supply of water to Syria, as under previous agreements.

Turkey controls the Euphrates river and has plans to irrigate more than 1m hectares close to the Syrian border as part of its $32bn Gap project.

Water, however, is also vital for Syrian agriculture, and domestic and industrial supply.

Under a 1987 protocol, a flow of 500 cubic metres a second, or about half the average discharge, was guaranteed at the common border, while Turkey's $4bn Ataturk dam was under construction.

Turkish water officials say Syria can only use about a third of that amount, given saline soils and a higher rate of evaporation. Even so, Turkey has proposed various joint projects, including a plan to flood the common border to maximise power generation. It has also offered to supply power to cities in northern Syria.

Mr Suleyman Demirel, Turkey's prime minister, last month strongly rejected Syrian calls to share the water: "We do not say we should share their oil resources. They cannot say they should share our water resources."

However, Mr Cetin's visit could pave the way for financial assistance for the Gap from World Bank and other western donors, which have been wary of supporting a project under dispute. Co-operation will be further enhanced by the weekend decision to revive the joint agriculture and water meetings.

Islands offer confuses Japan

By Robert Thomson in Tokyo

THE Japanese government was confused yesterday by reports that Mr Boris Yeltsin, the Russian president, has prepared a new proposal to settle a dispute over the ownership of four islands known in Japan as the Northern Territories.

Tokyo was surprised by a suggestion from Mr Mikhail Poltoranin, Russia's deputy prime minister, who arrived yesterday for a five-day visit, that the US may be involved in an agreement on control of four of the Kurile Islands.

The dispute dominates relations between the two countries, and Japan is unwilling to offer Russia substantial financial assistance until control of the islands, occupied by Soviet troops in 1945, is returned.

Mr Poltoranin said the US could be involved in an agreement to ensure the demilitarisation of the disputed islands, and added that Russia would abide by a 1956 agreement in which the Soviet Union agreed to hand back two of the islands.

The suggestion of US involvement bewildered Japanese officials. Japan still sees the fate of the four islands as a bilateral issue.

Indian PM denies probe interference

By Shiraz Sidhva in New Delhi

INDIA'S prime minister, Mr Narasimha Rao, yesterday denied that his office had "interfered or brought pressure" on Mr K. Madhavan, the head of the official investigation into the Bombay financial scandal. Mr Madhavan resigned last week, prompting speculation of political interference.

Mr Rao rejected opposition allegations that he had asked the joint director of the Central Bureau of Investigation (CBI) to "go slow" with an investigation against ministers and senior officers.

He said: "Nothing would be allowed to come in the way of a complete investigation. The guilty would be punished, and there was no question of any attempt to protect the guilty, no matter who the individual, or what his position in government or society." The prime minister also denied allegations that cabinet ministers were involved.

Mr Madhavan denied he had laid down conditions to withdraw his resignation, and said the inquiry was "not dependent on one person" and would go on.

Mr George Fernandes, leader of the Janata Party, said: "The prime minister's remark that he 'would have liked Mr Madhavan to complete the important task entrusted to him' implies that they would like him to go." Mr Fernandes has said he was approached by the government to persuade Mr Madhavan to change his mind and withdraw his resignation.

● Suspected Sikh militants shot dead 29 Hindus, including three women and two children, in the northern state of Uttar Pradesh, Reuter reports from Lucknow.

Police said yesterday the bodies of the victims were found on the banks of the Khannaur river.

The latest deaths take the number of people killed in separatist violence in Uttar Pradesh to 200 in the past year.

In a separate incident in Punjab, at least five Sikh militants and an Indian army soldier were killed in a day-long gun battle near Amritsar.

Radioactive waste protests halt court

By Kieran Cooke in Kuala Lumpur

AN APPEAL to the Malaysian Supreme Court brought by a Japanese-controlled company found guilty of emitting quantities of radioactive waste was abandoned yesterday amid chaotic scenes outside the court buildings.

The Asian Rare Earth company, 35 per cent owned by the Mitsubishi-Kasei group, Japan's largest chemical company, had lodged an appeal against an earlier court ruling to cease production at its plant near Ipoh, in northern Malaysia.

But proceedings at the supreme court were adjourned after about 2,000 protesters from Ipoh arrived outside the court buildings. Riot police prevented them from entering the court complex.

Asian Rare Earth produces minerals used in making electronic components. Last month the Ipoh High Court had found there was enough evidence to show that the health of local residents had been threatened by emissions from the Asian Rare Earth factory, with a growing number of cases of leukaemia, infant deaths and congenital diseases reported in the surrounding area.

The factory had been ordered to shut down within two weeks, though no compensation was paid as the judge found that negligence by the company had not been proven.

Soon after the Ipoh court ruling local residents were angered when Asian Rare Earth succeeded in getting an interim stay of execution on the closure order from the Supreme Court. Yesterday's hearing was to decide on the validity of the original Ipoh High Court verdict.

While local residents have been involved in a lengthy campaign against Asian Rare Earth's activities, the issue has not received much publicity in Malaysia as a whole.

In Japan, however, several environmental groups have seized on the issue as showing that Japan is exporting its polluting industries overseas.

The Supreme Court hearing of the case is now scheduled for tomorrow.

NEWS IN BRIEF

EC agrees food aid for Somalia

THE European Commission yesterday approved 10,000 tonnes of emergency food aid to drought-stricken Somalia, Reuter reports from Brussels. The aid is to support operations of the International Committee of the Red Cross.

The Commission also approved 140 tonnes of high-nutrition food aid to Somali refugees in Yemen and an extra Ecu4m (£2.82m) in non-food aid.

Britons sue over Kuwait flight

British Airways said yesterday it was being sued by six Britons in Edinburgh held hostage from a flight that landed in Kuwait hours after the Iraqi invasion two years ago, Reuter reports.

BA is also being sued by 65 French passengers and 48 relatives of passengers on BA's flight 149 who demanded compensation for mental anguish. The French lawsuit demands FFr52m (£5.3m).

At least 26 die in Tamil ambush

Fourteen government soldiers and at least 12 Tamil rebels were killed when separatists ambushed troops in east Sri Lankan jungles yesterday a military spokesman said, Reuter reports from Columbo. The rebels ambushed two army groups, totalling 25 soldiers.

Ramos threat to communist rebels

Philippine President Fidel Ramos said yesterday he would stamp out communist rebels if they refused his offers of peace, Reuter reports from Manila.

Mr Ramos, has offered to legalise the banned Communist Party of the Philippines and grant amnesty to New People's Army (NPA) guerrillas if they renounce armed struggle.

Mozambique peace talks

President Joaquin Chissano of Mozambique and Afonso Dhlakama, head of the Mozambique National Resistance (Renamo), are due to meet in Rome tomorrow to try to hammer out a peace agreement, Reuter reports from Rome.

It is the first meeting between the two sides in 16 years of conflict.

Japanese envoy for Cambodia

Japan is sending a military envoy to Cambodia this week to pave the way for the arrival of the first contingent of peace-keeping troops, a Defence Agency official said yesterday, Reuter reports from Tokyo.

Mr Shigeru Hatakeyama, director-general of the agency's Defence Policy Bureau, will leave today for a six-day visit.

League quits Chad cabinet

The Chadian Human Rights League (LTDH) has withdrawn from Chad's troubled unity government after paramilitary gendarmes killed six civilians and wounded 14 while trying to arrest a Moslem preacher, Reuter reports from N'Djamena.

Labor claims a 'gold medal' for economic policy

Australia's government is trying to turn the spotlight from the jobless to prices and trade figures, writes Kevin Brown

AUSTRALIA'S Labor government has pounced on improvements in the consumer price index and balance of payments to divert the spotlight away from record unemployment levels.

Mr John Dawkins, the federal treasurer, described the government's economic policy as a "gold medal performance". Mr Paul Keating, the prime minister, said Australia had "snapped the inflation stick".

The principal cause of the hyperbole was a reduction in the annual rate of inflation from 1.7 per cent in the three months to March to 1.2 per cent in the June quarter.

Success on the inflation front was followed by figures showing a 25 per cent reduction in the current account deficit to A$11.7bn (£4.5bn) for the 12 months to the end of June, from A$15.7bn in the previous year.

From the government's point of view, the inflation and current account figures provide a welcome diversion from its embarrassment at presiding over record unemployment of 11.1 per cent.

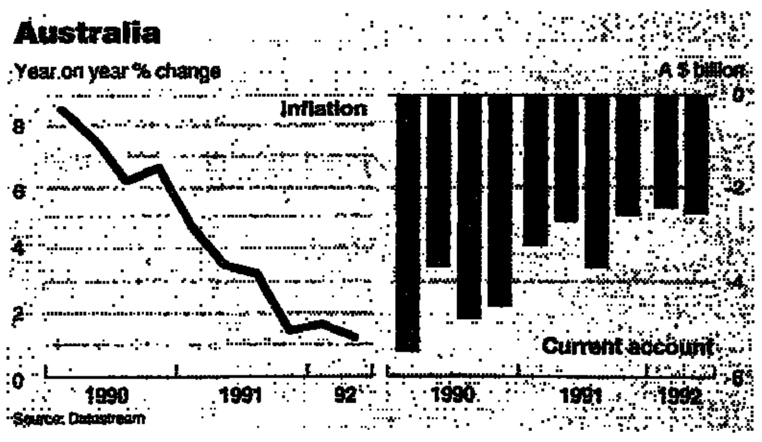
While the Australian economy is clearly in better shape than a year ago, there is plenty of evidence that the patient may have to spend longer in the sick room than Mr Keating is prepared to admit. This could present a serious problem for Labor, which is trailing the opposition conservatives in the opinion polls, but must call a federal election by June next year.

The good news is that inflation is likely to remain fairly low, although the inflation stick appears more likely to have been bent than snapped. Most economists expect the annual rate to fall further this year before edging up again to between 3 and 4 per cent next year.

The government accepts that the improvement in the figures is largely a result of the deflationary effects of the 1990-91 recession, when gross domestic product contracted or was flat for seven of eight consecutive quarters.

But it will take some of the credit for restraining wages through its "accord" with the trade union movement, which recently agreed to link pay demands to inflation expectations.

The bad news is that, despite government pump-priming and a series of interest rate cuts, the recovery has failed to gather pace since the end of the recession late last year. In his February economic statement, Mr Keating announced a A$2.3bn (£890m) spending programme intended to help deliver gross domestic product growth of 4.75 per cent in 1992-93, followed by average growth of 4 per cent in the next three years.



Since February, the government has increased the forecast budget deficit for 1991-92 from A$6.8bn to nearly A$10bn, delivering a further fiscal stimulus. Official interest rates have also been cut from 7.5 per cent to 5.75 per cent.

But growth remains stubbornly low, mainly because of muted business confidence and the preference of both the corporate sector and consumers for debt reduction rather than consumption.

Most economists think the economy probably slowed again in the fourth quarter of 1991-92, indicating that growth for the year will be less than Mr Keating's forecast of 2 per cent.

Bowing to the inevitable, the government recently reduced the target for 1992-93 to 4 per cent, but most economists doubt that even that is achievable. The National Australia Bank, the most bearish of recent forecasters, says growth may be as low as 3 per cent.

Few observers think such an outcome would be enough to redeem the government's promise of single-digit unemployment before the election. But there are indications that even at the current slow pace of recovery, the economy may run into external constraints.

At A$11.7bn, the 1991-92 current account deficit is equivalent to 3.1 per cent of forecast GDP, the lowest ratio since 1979-80, and a considerable improvement on the 6 per cent deficit two years ago.

However, the seasonally adjusted deficit has deteriorated in recent months, culminating in a much larger than expected monthly deficit of A$1.2bn in June. Much of the increased deficit was caused by a rise in imports to the highest level since 1989, suggesting that imports accounted for a disproportionate share of increased retail sales.

The government has preferred to point to the surplus on merchandise trade, which improved by 35 per cent over the year to A$3.9bn. But the trend figures indicate that growth in exports is decelerating just as import growth improves, raising awkward questions about the sustainability of the current account improvement.

Mr Keating's last chance to make significant changes in economic policy before the election will come when the 1992-93 budget is delivered on August 18. However, the government may have left itself with very little room for further pump priming.

Most economists say the financial markets would be concerned by a forecast deficit much above A$13bn, which would put pressure on the Australian dollar and could lead to a sell-off of government bonds.

What is unfortunate for the government is that the minimum budget deficit is also forecast at about A$13bn, depending on the impact of any recovery on tax revenues.

This means that extra spending intended to stimulate growth will have to be offset by politically difficult cuts elsewhere in the budget, unless Mr Keating is prepared to take on the markets.

Adverts anger Bolger

By Emilia Tagaza in Canberra

NEW ZEALAND'S prime minister, Mr Jim Bolger, has responded angrily to advertisements to be launched by the Australian Labor Party in the state of Victoria.

The advertisements feature New Zealanders complaining about low wages, inadequate social welfare and poor business prospects, blaming their government's free market policies for the problems.

They warn that Victorians would feel similar pain if the opposition Liberal Party won the election.

The Liberal Party is presenting a package of state and federal policies similar to those in New Zealand, including a goods and services tax and a deregulated labour market.

The adverts will launch the Victorian state election campaign in October. Mr Bolger said the Victorian state government was desperate to find someone else to blame.

Nafta teams haggle over final details

By Nancy Dunne in Washington

US, CANADIAN and Mexican trade ministers and their negotiating teams were haggling in Washington's Watergate Hotel yesterday over the final details of the North American Trade Agreement (Nafta).

While they worked to "capture the momentum", in the words of Mrs Carla Hills, US trade representative, opponents of the pact were keeping the fax lines busy with press releases. Mr John Cregan, president of the protectionist-leaning US Business and Industrial Council, warned: "Los Angeles could burn again, and the fire may spread to dozens of US cities if Nafta becomes law. Hundreds of thousands of semi-skilled and unskilled manufacturing jobs held mainly by minorities will be lost to Mexico."

Ms. Lori Wallach, a lawyer with Mr Ralph Nader's Public Citizen, saw the Watergate, focus of the scandal leading to President Nixon's resignation, as "the perfect location to wrap up the Nafta talks: a symbol of secrecy, broken promises to the American people, and ultimately, the end of a presidency." She said a poll released by the San Diego Union Tribune Latinos and people living on the US-Mexico border opposed Nafta (two groups on which the Bush administration was relying for support).

Many US companies are excited about Nafta. Mr Ari Bousbib, of Booz, Allen and Hamilton, a New York consulting company, is busy arranging "strategic" alliances between US or foreign and Mexican businesses. A number of Mexican groups, accustomed to a quasi-monopolistic environment, were shoring up their competitive positions. US companies were looking at their networks to overcome distributional problems in doing business in Mexico.

He believed US prices would fall because of competition but that would be balanced by a 4 per cent rise of consumption in the US and 8 per cent in Mexico. The US would gain jobs as US companies expanded to service the Mexican market. Production costs would fall, making North American products more competitive. If the pact failed in Congress, it would have short-term consequences in the financial markets, delaying some investments.

A study by the Mexican office of Arthur D. Little management consultants shows that if Nafta is agreed, US exports to Mexico will keep growing at 20-30 per cent a year for 1993-1996. Without a pact, exports would grow at perhaps half the 22.3 per cent annual compounded rate of the last four years.

China acts on copyright

CHINA has decided to join a global copyright convention as part of its policy of economic reform, the official New China News Agency said, Reuter reports from Beijing. Qin Guanlin, representative to Unesco, had officially notified it of the decision.

US trade negotiators had pressed Beijing to back up promises to protect patents and copyrights with deeds. China promised last year to join international copyright organisations.

"The decision was a result of China's policy of deepening reform and opening to the outside world," the agency quoted Qin as saying. China would conscientiously abide by the convention so that copyrights were effectively protected. China's first copyright law went into effect in June last year.

Japanese claim US bill on mini-van tariffs is unfair

A BILL approved by the US House of Representatives which raises the tariff on imported mini-vans discriminates against Japan by excluding European vehicles, a Japanese trade ministry official said yesterday, Reuter reports from Tokyo and Detroit.

"It is regrettable the US House passed the bill which is apparently in violation of Gatt," Mr Yuji Tanahashi, vice-minister at the international trade and industry ministry (Miti) stated. The bill, passed on Friday, would reclassify some mini-vans and sports utility vehicles as trucks, making them subject to a tenfold increase in import duties. It now goes to the Senate.

The bill, backed by the US car industry and unions, would transfer passenger vans, multi-purpose vans, four-door sports utility vehicles and other jeep-type vehicles to a category carrying 25 per cent duty. It makes two exemptions. Critics say these were designed to exclude European mini-vans such as Volkswagen, imported since 1963, and vehicles with sales in the US of less than 10,000 a year, such as Britain's Range Rover.

The Bush administration opposes the mini-van reclassification on the grounds it would increase consumer costs, could be seen as a violation of Gatt, and could result in retaliation against US exports. Mr Bush is expected to veto the bill.

Tokyo will seek to present its case to Gatt if the bill becomes law, Japanese newspapers reported. It "is clearly in violation of Gatt," the Asahi Shimbun quoted Miti as saying. The vote was protectionism in its most blatant form," Toyota Motor said. "The bill ought to be named the Big Three windfall profits Act of 1992. The real losers from this kind of protectionism will be once again the American consumer."

But General Motors said the reclassification was justified. "When a vehicle is designed as a truck, built like a truck, performs like a truck, it ought to be called a truck for tariff purposes." Chrysler, controlling over half the mini-van market, said the House action showed "determination to come to grips with our trade problems". The Motor Vehicle Manufacturers Association, a US industry group supporting Detroit's vehicle-makers, said the bill would close a loophole giving unfair advantage to importers.

Sri Lanka sees boom in tourism

THE year 1992 is likely to be a boom one for Sri Lankan tourism, the country's tourist board said yesterday, Mervyn de Silva reports from Colombo. "We are likely to pass the half-million mark," an official predicted. The previous record was 402,000 in 1982. Anti-Tamil riots in 1983 cut the total to 200,000, but political stability was the main reason for the improvement.

Europe continues to top the list, with Germany ranking first, and Italy, France and the Netherlands showing a sharp rise in numbers. The board believes the half-million mark can be reached if Air Lanka expands its European service. But the carrier's plan to buy six Lockheed TriStars has been criticised by the World Bank and IMF.

Otis venture to make lifts in Ukraine

By Andrew Baxter

OTIS ELEVATOR, the world's largest lift maker, yesterday announced a joint venture with the Ukraine state committee on housing and community services to make, sell, install and maintain lifts in Ukraine. Otis will have a 51 per cent stake in UKR Otis, to employ 4,900 people at a factory in Kiev and maintenance operations in Kharkov and Donetsk.

The venture is the third in the former Soviet Union for Otis. UKR Otis will co-ordinate activities with Otis joint ventures in Shcherbinka, near Moscow, and St. Petersburg. Otis will invest in re-equipping the existing Kiev factory, to be making 3,500 lifts a year by 1996.

South America may go back to its trade roots

John Barham on plans for a five-nation water corridor on the continent's second largest river system

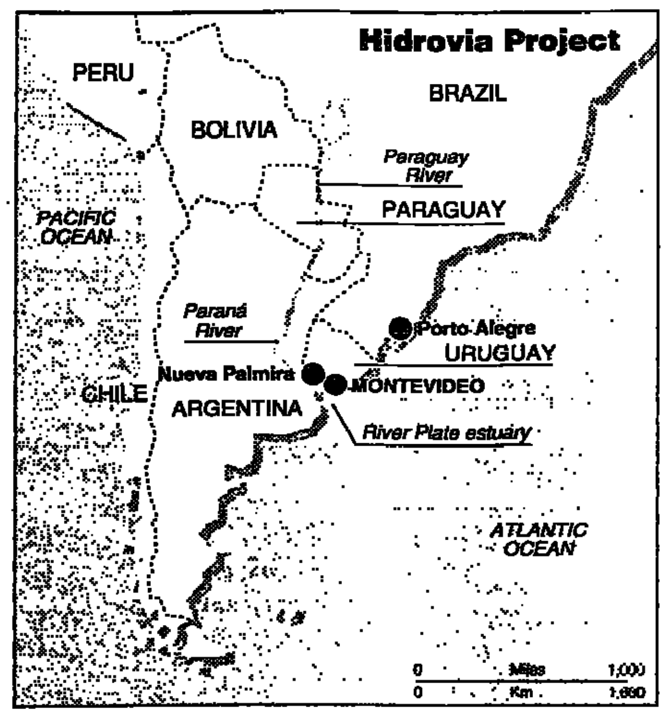
CONQUISTADORES, explorers and traders once used the rivers of South America to penetrate, subdue and settle the continent's heartland. But today the rivers which form some of the world's greatest navigable waterways are underused and vast regions of the interior isolated and impoverished.

But there are signs that the Paraná-Paraguay rivers, which together form South America's largest river system after the Amazon, could become an important trade corridor linking the distant, landlocked interior with seaports at the River Plate estuary.

Developing the rivers' transport potential should be easy because there are few physical or natural obstacles to traffic. But petty national jealousies and suspicions have held up progress for years.

The five countries through which the rivers flow – Argentina, Bolivia, Brazil, Paraguay and Uruguay – agreed in June to sweep away bureaucratic restrictions that blocked trade and navigation.

Next, they plan to hire consultants to study how the 3,442km waterway, known as the Hidrovia (Waterway), can be made into a low-cost artery navigable day and night all year round. This first stage of engineering and environmental consulting work will be financed by the United Nations, the European Community and the Inter-American Development Bank.



Officials say an initial studies show that a few relatively cheap and simple engineering projects estimated at $240m (£125.6m) would ensure the Hidrovia's navigability. These costs would be borne by governments.

A further series of investments of about $740m needed to upgrade ports and buy barges would be made by the private sector. Officials say it would take about 10 years to make the Hidrovia fully operational and put the total bill at $1.5bn-$2bn.

Mr Edmundo Soria, Argentina's transport secretary, said: "We don't want grand Pharaonic projects. We will be very careful with the projects we carry out and restrict the state's financing to the minimum possible."

The Hidrovia project is part of a wider trend towards greater political co-operation, economic integration and free markets that is sweeping Latin America. Other privately-financed infrastructure projects being studied include a 45km bridge across the River Plate, a motorway linking Montevideo and Porto Alegre in southern Brazil and a $200m gas pipeline connecting gas fields in Patagonia with Chile.

At the moment, the rivers are only partly navigable. Still, Argentina uses river ports on the Paraná to ship a quarter of its exports and Paraguay imports most of its fuel along the Paraguay river. But the Paraguay is only navigable on average for about six months of the year above the capital Asuncion.

Mr Jesus Gonzalez, Argentina's director of port construction and waterways, says the potential economic benefits are clear: "In Brazil's centre-west there are 6m hectares of land ready for cultivation. But to take one tonne of soyabeans to port costs $56 now. With the Hidrovia, transport costs would fall to about $18 a tonne." Also, Bolivia's under-developed eastern regions have potentially rich agricultural land and contain promising mineral deposits that would only become economically viable with a cheap and efficient transport system.

It is part of a trend towards political co-operation, economic integration and free markets

A preliminary feasibility study found that while 4.3m tonnes were shipped along the river in 1987, cargoes could reach 21m tonnes a year by the turn of the century. It estimates an internal rate of return of between 16 per cent and 23 per cent for the Hidrovia investments.

Although the impact of the Hidrovia would be felt mainly in the heart of the continent, ports on the River Plate estuary would also benefit. Nueva Palmira in Uruguay is expected to become the main transhipment centre. It is expected to handle 7m-9m tonnes of cargo a year by 2000.

Planning is the easy part. But the hard decisions on who is to pay for the project and how the money is to be raised have yet to be taken. The Argentines are insisting that the private sector pay for most of the work in exchange for the right to charge tolls or build private ports.

The Brazilians, who must carry out the costliest projects, say the state will probably have to play a leading role. For their part, the smaller, poorer countries balk at the sums involved.

Then there is the problem of the environment. That means more than just curbing water pollution by barges or preventing damage of riverbanks by the vessels' wakes. Brazil's Pantanal marshes, the world's largest wetlands which lie along the Paraguay, must also be protected.

There is also a risk that the Hidrovia would attract large populations to barren regions and that intensive farming and mining damage ecosystems. There is also a danger that the Hidrovia could become a smuggling corridor for Bolivia's cocaine cartels.

Abbey calls for tax credits to aid house sales

By David Barchard and David Owen

THE GOVERNMENT was last night considering a package of proposals from Abbey National, one of the country's largest home loans and savings institutions, aimed at reviving the deeply depressed UK housing market.

The move follows mounting pressure from Conservative MPs and and former ministers to find some way of helping homeowners.

News of Abbey National's initiative, which proposes a tax credit scheme to trigger a market recovery, coincided with the publication of Nationwide Building Society's monthly house price index which showed that house prices fell on average by a further 0.6 per cent during July. The average UK house now costs 6 per cent less than it did a year ago.

Abbey National said a way is needed to enable existing owner occupiers to sell their houses without being deterred by the prospect of a loss. The proposals were announced together with Abbey National's half-year results which showed a 12 per cent fall in profits to £270m.

Abbey National wants the government to give a once-only tax credit of up to £10,000, to people selling their homes to cover any loss in its value. The credit would be made on condition that the cash was reinvested in another property.

The Treasury said Mr Norman Lamont, chancellor of the exchequer, was considering the plan.

Meanwhile, Mr John Townend, chairman of the Conservative backbench finance committee, advocated a new initiative to raise tax allowances on mortgages for a limited period.

In the City, there was scepticism about the viability of Abbey National's proposals. Mr John Wriglesworth, a leading housing finance specialist, estimated the cost of the scheme at up to £2bn.

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Prospect of five years' hard Labour daunts opposition

AS the new leader of the Labour opposition party retreated to southern France for a well earned break last Friday, he could be forgiven for forgetting all about politics.

But the three weeks of rest for Mr John Smith may well be disturbed by one nagging thought: what is Labour planning to oppose over the next five years?

The irony is that the most immediate policy questions that confront Mr Smith are almost exactly the same as those facing the prime minister. What is more his gut responses are close, if not identical, to those of Mr Major.

On both Europe and the UK's gloomy economic outlook – the two issues set to dominate the autumn – Labour can point to some differences with the government. But if the detail is examined carefully, many of those differences are more of tone than of policy. When it comes to general strategy, Mr Smith and Mr Major are, in many respects, of one mind.

On Maastricht, for example, the dust kicked up by the Danish referendum's "no" vote is insufficient to camouflage the similar position between Labour and the Conservatives.

Certainly Labour will make the most of its insistence on British adherence to a common environment policy. Its backing for the social chapter of common workplace rights – vigorously opposed by the Tories - is and will remain the chief virility symbol of its EC policy. There will also be much talk to of Labour's demands for greater democratic accountability of EC institutions.

But when it comes down to whether or not to ratify the treaty Mr Smith will, like Mr Major, fight to the death for ratificiation, crushing internal unrest where necessary.

Then there is the economy. Labour's so-called summer offensive was full of sound and fury about a more pro-active government approach. But behind the bluster and righteous indignation, Labour is far from advocating a spending free-for-all.

Does the party argue for a policy of full-blown Keynesian reflation, unilateral interest rates cuts or abandonment of sterling's DM2.95 central parity rate in the exchange rate mechanism? It most certainly does not.

Labour officials admit there are "no easy answers" on the economy.

During the leadership election campaign, Mr Smith has been goaded by his rival Mr Bryan Gould into making a few gestures towards the idea of a UK initiative. For a short while he argued that the British presidency of the European Community should use its clout to mobilise its EC partners into a pressure group on Germany to revalue and for "co-ordinated steps" to cut intererst rates.

Yet it seems clear that Mr Smith, whose European contacts are well nurtured, has all but abandoned such gestures. He and his aides are more than aware that no pressure can be brought to bear without the support of France. But President François Mitterrand has made clear he is not playing that game.

At home, meanwhile, the new Labour leader has argued that there should be no rush into a new policy review. The lessons of the 1992 election defeat were that the review, launched in 1987, left the party with polices drawn up during a boom and had to be sold during a recession.

Labour, however, must fill the void somehow. It will do so with a new document on its aims and values, intended to broaden its half-hearted autospy on the April defeat into a general debate about the goals for a left of centre party as the millenium nears.

We already know that there will only be partial reform of Labour's union links, that the party leader is sceptical about any formal accomodation with the Liberal Democrats and equally in two minds about proportional representation.

As for the truly radical proposals, a change in the party's name or a heroic attempt to ditch the party's adherence to state control, these have already been consigned to the dustbin.

Such internal wranglings could keep Labour on the sidelines and turn discontented Tory rebels into the government's real opposition.

Ivo Dawnay

Computers urged to ease fraud trials

By John Mason

JUDGES should make greater use of computer technology to help ensure complex fraud trials remain manageable, Mr Justice Brooke, the second Blue Arrow trial judge, said yesterday.

Mr Justice Brooke – who replaced Mr Justice McKinnon after the first trial – was speaking after acquitting the remaining defendants charged with fraud over the affair. Not guilty verdicts were returned on Mr Paul Smallwood and Mr Tim Brown, former equities directors with UBS Phillips & Drew, Mr Charles Villiers, former chairman of County NatWest and Ms Elizabeth Brimelow, County's former compliance director.

Mr Justice Brooke said the public was "looking with impatience" to the courts finding solutions to the problems of managing large fraud trials.

US experience had shown the use of lap-top computers by judges could result in substantial time and costs savings.

"It is, I believe, incumbent on English judges to be willing to learn new techniques if they may make such a substantial difference to the length of a trial or the overall cost of proceedings," the judge said.

Sick building cure eludes researchers

EXTENSIVE research has found no identifiable cause or cure for "sick building syndrome," according to a report by the Health and Safety Executive (HSE), Catherine Milton writes.

An HSE review published yesterday says the cause of the syndrome – in which office workers blame the buildings in which they work for symptomes such as headaches, dry throats, mental fatigue and dizziness – remains a mystery and the syndrome is unlikely to go away in the short-term.

The Institution of Environmental Health Officers said last year local authorities received 500 sick-building complaints. The HSE said the problem was hard to quantify because some workers might not blame their offices for the symptoms.

Dr Pam Buley, a senior health policy official at the HSE said: "Sick building syndrome is often associated with air-conditioned buildings and seems to affect women more than men, especially workers who are in a building for a long time.

The report says sick building syndrome occurs in even well-designed buildings. Poor air quality and inadequate ventilation as well as bad lighting have been identified as risk factors.

Government advisers seek savings by equalising introduction of state pensions at 65

Women face increase in retirement age

By Norma Cohen

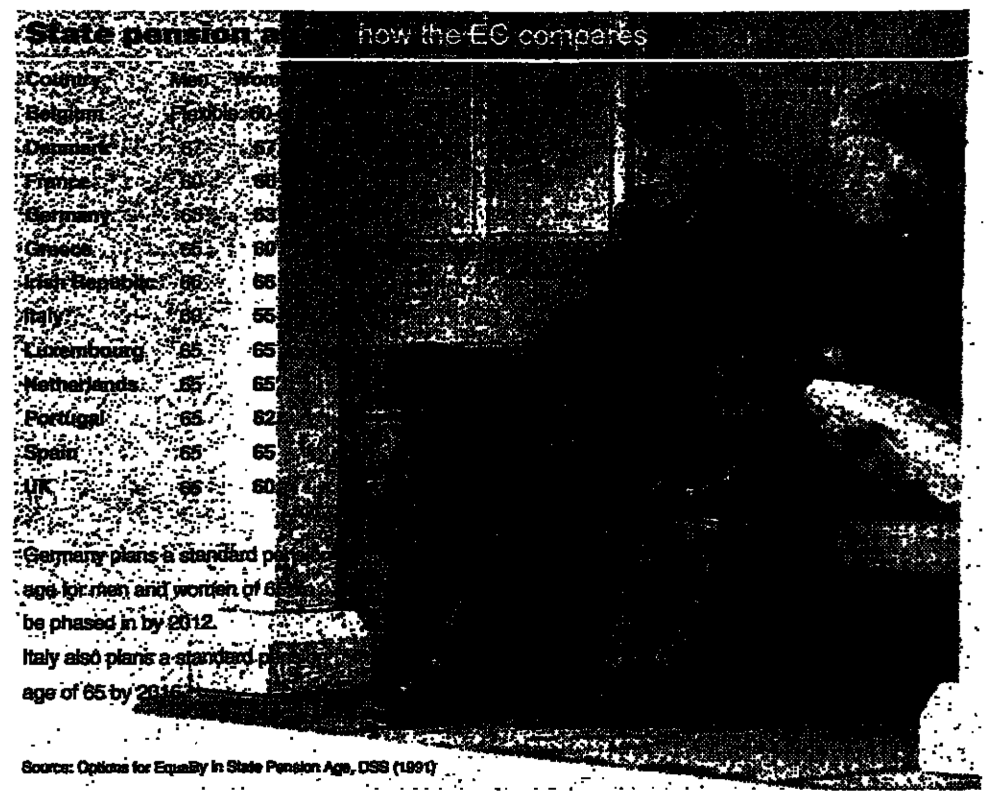
THE STATE retirement age for women should be raised to 65 in Britain to equal that of men and the cost savings should be used to help the poorest pensioners, the government's advisers urged yesterday.

The advice from the Social Security Advisory Committee (SSAC), which advises the government on pensions policy, increases the likelihood that women will have to work another five years before becoming eligible for state pensions.

In Britain, women are currently eligible to a full basic state pension at 60 while men must wait until 65.

But a recent European Court ruling on occupational pensions determined that men and women must not receive disparate pension benefits. The EC is currently drafting a directive for member states requiring equalisation.

Last December, the Department of Social Security published a discussion document outlining plans for equalising pension ages which allowing men to retire earlier at age 60 or allowing men and women to retire at age 63. But yesterday's report said retiring at 60 was estimated to cost roughly £3.5bn per year in additional expenditure while a mutual retirement age of 63 would have no revenue effect at all.



Source: Options for Equality in State Pension Age, DSS (1991)

The SSAC, however, suggested the political unpopularity of the measure be mitigated by a promise to use the estimated £3bn in annual cost savings to help pensioners on low earnings during their working lives.

They also suggested that the government begin phasing in the equalisation policy 15 years from now, rather than the 10 years suggested in the DSS report. That means that no one currently over the age of 52 will be affected by the changes and that no one over 42 will feel the full effect of equalisation.

"Our recommendation for equalisation at 65 is part of an indivisible whole on the basis that the savings will be recycled," said Sir Peter Barclay, chairman of the SSAC.

In rejecting the proposal of lowering men's retirement age to 60, Sir Peter said "It gives a huge gift to men regardless of their need." Nearly three-quarters of British men are eligible for occupational pensions already so that their need for state benefit is less than that of women.

The committee rejected the option of age 63 because it would cut women's benefits while providing no additional funds to help those who need aid most.

The SSAC also rejected suggestions urged largely by the pensions industry that the government adopt a so-called flexible decade of retirement between the ages of 60 and 70. Such schemes increasingly exist in the private sector and employers fear that raising women's retirement ages will force them to provide higher benefits for females to make up the lost income to age 65.

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Britain in brief

BA crews withdraw strike threat

Union leaders have called off strike action over pay and conditions by British Airways domestic and European cabin crews due to start at midnight last night.

The TGWU cabin crew union decided to call off the action after a series of mass meetings over the weekend at which members indicated support for action today was weak.

Union negotiators based in Glasgow, Birmingham and Manchester decided against action after British Airways indicated it would meet for talks if the strike threat was lifted, the carrier said.

US legal system re-examined

The Law Society, representing UK solicitors, is to re-examine US "no win, no pay" contingency fee arrangements as an alternative to state-funded legal aid as part of an overall review of methods of paying for court cases.

Solicitors are concerned that restrictions on legal aid coupled with a squeeze on public expenditure has put the cost of going to court beyond the reach of people on average incomes.

The review will examine whether American style contingency fee arrangements where lawyers get paid only if they win the case, could reduce the cost of legal aid which is expected to rise above £1bn in 1992-93.

ICI workers accept 5.1%

Unions representing 45,000 workers at Imperial Chemicals Industries have accepted an offer which will add 5.1 per cent to pay rates.

The deal, which will be backdated to June 1, raises the possibility of ICI workers receiving increases of more than 11 per cent this year.

Negotiations are continuing at a local level on deals that would change working practices, lead to 36-hour week and trigger payments equivalent to 14 per cent of salary, starting with a 6 per cent increase immediately.

Profits rise at Waterways

British Waterways, which runs the country's canal system, has increased revenues and maintained capital spending despite the effects of the recession and a third year of drought.

Mr David Ingman, chairman, says in the report and accounts for 1991-92 that earned revenue had increased by 6.6 per cent to £29m despite the difficult economic circumstances, compared with an increase of only 3 per cent in central government grant.

The public sector organisation is on target to become more self-financing but it is unlikely to become a target for privatisation as it will never be profit making.

Company law amended

Companies can now be created with just a single shareholder, under legislation which has been published in response to the EC 12th company law directive.

The Companies (Single Member Private Limited Companies) Regulation amends the 1985 Companies Act, which previously required at least two people to create a company with limited liability.

It also protects from insolvency or the lose of limited liability privilege existing companies which become single member companies, following events such as the transfer of shares.

Skypark set for take-off

A local authority in central England has granted planning permission for the UK's first residential flying community, at a disused airfield, north west of Telford.

The plan, drawn up by directors of two private companies – LBE Group, an engineering business, and London & Midland Developments, a property company – envisages 65 homes on plots of up to 1.5 acres, each with its own hangar and connected by taxiway to an airstrip over 1000 yards long.

Such estates are common in the US where there are about 500 of them. But in Europe, the practice of flying for pleasure or flying to work is not deeply engrained.

The developers, who have called their plan Telford Skypark, expect to start work on the site this year and to have the whole project completed within three years. At that time, they expect the completed value to be about £20m.

Agency reports £1.56m surplus

Companies House, the government's company information agency now subject to a review which could lead to privatisation, reported a surplus of £1.56m in the year to March 31, compared with a deficit of £6.59m in the previous 12 months.

The annual report and accounts, which have been prepared along the lines of a private company for the first time, left the agency with a retained surplus of £421,000 after paying a dividend of £800,000 to the Treasury to reflect investment in the past.

Sales boost for Fringe

Advance ticket sales for the Edinburgh Festival Fringe in August have reached almost 29,000 so far this week, 9,000 up on corresponding sales last year.

Mr Iain MacDonald, a spokesman for the fringe, said: "The recession is helping us, by keeping people at home in the UK generally."

POLITICIANS in Northern Ireland yesterday called for tighter security after two IRA car bombs exploded in central Belfast injuring 21 people. Five civilians, four soldiers and 12 policemen were treated for shock and cuts. Mr Ken Maginnis, security spokesman for the pro-British Ulster Unionist Party, said everyone's immediate reaction would be to call for more security measures against terrorist activities in the province.

New kings of middle distance

Even Qatar is making strides as a running power and could emulate Cuba, says Peter Berlin

AFTER Javier Sotomayor, the high jump world record holder, became the first Cuban man in 16 years to win an athletics gold medal at the Olympics, he walked out of the arena in tears. At the entrance to the tunnel he was embraced by a Cuban official.

The ubiquitous television camera was on hand to catch the touching scene. Suddenly, the face of the older Cuban appeared 30ft high on the huge screen at the Montjuic stadium. One after another, journalists in the press stand stopped tapping furiously at their computers and gazed up for a moment. A murmur went along the press bench: "Alberto Juantorena."

In Montreal in 1976, Alberto Juantorena became the first man since Paul Pilgrim in 1906 to win both the 400 metres and 800m at the Olympics. (Ann Packer of Britain, another 400m specialist, had won silver in the 400m and gold in the 800m in Tokyo in 1964).

Juantorena was also the first 800m champion from outside the US, Britain or Australasia. He had hardly run the 800m before the Games and when he broke the world record in the final it seemed the 800m would be transformed forever.

The 800m had been dominated by middle-distance runners with a kick. They would spend 600m jostling for position and then sprint off the final bend. Juantorena started *his* sprint on the first bend.

But the future belonged to the man who came fourth, Britain's Steve Ovett, and his ilk: runners who could stay with a fast pace and still accelerate at the end. Ovett won Olympic medals in the 800m and the 1,500m in Moscow in 1980, as did his compatriot, Sebastian Coe. Said Aouita of Morocco won the 5,000m in 1984 and came third in the 800m in Seoul. The middle-distance runners had reclaimed their race.

Even in Seoul, when Paul Ereng of Kenya, another former 400m runner, won the 800m, he ran a tactical race. His better-known team-mate Nelson Kiprotich sacrificed himself by setting a sharp early pace for Ereng. On Sunday, Ereng trailed in last in his heat. A former champion struggling to recapture his greatness is a sorry sight. When that champion is burnt out at 25 it makes a particularly pathetic spectacle.

But even while Ovett, Coe and Peter Elliott were regularly appearing in two middle-distance finals, things were changing. In Los Angeles and Seoul, Joaquim Cruz of Brazil won medals in the 800m and then failed to appear for his 1,500m races. In Los Angeles, Ovett regretted not following this example. The 1,500m final was his seventh race in nine days. He was carried from the track on a stretcher.

As recently as last year, at the world athletics championships in Tokyo, the 800m was squeezed in early in the Games schedule and then, following a brief respite, the 1,500m starts.

When the Barcelona timetable did away with that separation, and increased the gaps between rounds, nobody complained. None of the eight men who advanced from the 800m semi-finals on Sunday night were even entered in the 1,500m heats yesterday morning. Tony Ward of the British athletics team said that Peter Elliott might have considered the 800m-1,500m double if he had been in top form. But Elliott is absent, injured, and so, yesterday morning, was the great Aouita.

Aouita's injury and Ereng's elimination mean none of the Seoul medallists in either race will reach a Barcelona final. The 800m final tomorrow will be a contest between the old and the young.

There are three veterans of the 1988 final who are unlikely to have another chance. Johnny Gray of the US, the perennial front-runner always passed in the final dash for medals, is 32. Kiprotich and Jose Luis Barbosa of Brazil are both 31. Their chief rival on past form is William Tanui, 28, another Kenyan. But the fastest qualifier was Curtis Robb, 19, the rapidly-improving Briton.

The 1,500m heats are a poor indicator of form. It is possible to finish seventh, as Edgar Martins de Oliveira of Brazil did yesterday, and still advance. The key is to set a fast pace from the start, squeezing the no-hopers out of the pack like peas from a pod.

Pop! There goes a Laotian. Pop! There goes a Rwandan. And – in yesterday's first heat – Pop! There goes Briton Steve Crabb, suddenly 20m adrift and battling Kim Bong-Yoo of Korea for eighth.

Qatar's Sulaiman Mohamed ran a perfect race in the final heat, pulling the train along for nearly four laps while one runner after another tumbled out of the guard's van. He was caught on the line by David Kibet of Kenya but the heat was the fastest.

Qatar has never had an Olympic athletics finalist, though they have Lee Evans, the Mexico 400m champion, in Barcelona as a coach. Al-Raheem Talal Mansoor missed a place in the 100m final by 0.01 seconds. Muftah Ibrahim Ismail qualified for tomorrow's 400m final by coming third last night in his semi-final heat and now Sulaiman gives them a third chance to break their duck.

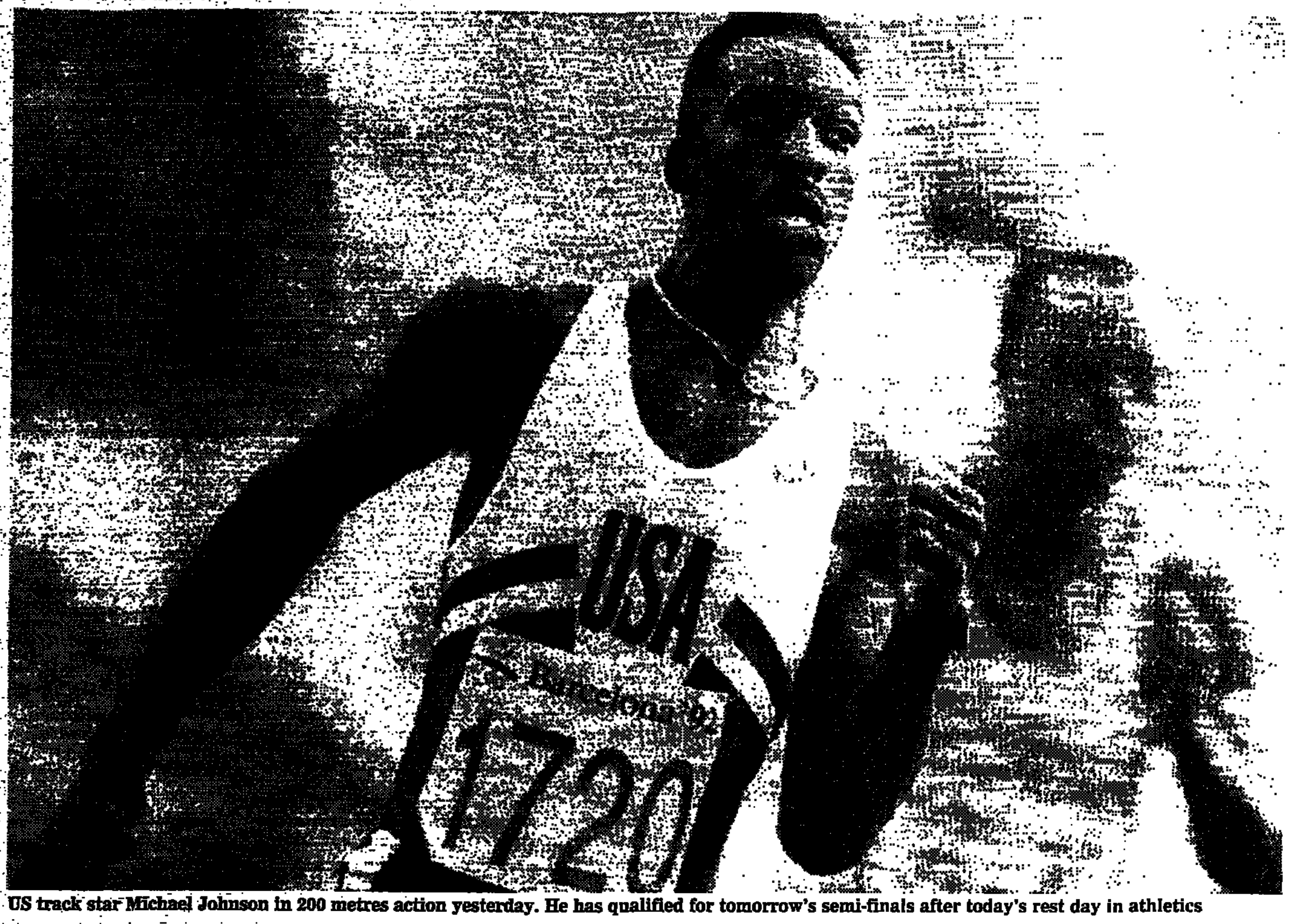
You read it here first: in athletics, Qatar is about to become the Cuba of the Gulf.

One of the legacies of Coe and Ovett is the large and noisy contingent of British athletics fans in the Montjuic stadium every day, cheering their heroes. Yesterday they were in place promptly at 10am, drenched by a storm, ready for the start of the 200m heats.

As Linford Christie, Britain's 100m champion, won his heat on cruise control, he was greeted by a roar. But the fans saved their biggest and warmest reception for Kris Akabussi as he made his ungainly but effective way over the obstacles in the 400m hurdles.

Afterwards, the fans joined the gaggle of Britons haggling for tickets in the Olympic souk that has developed outside the main complex.

There is plenty of Olympic action to come.



US track star Michael Johnson in 200 metres action yesterday. He has qualified for tomorrow's semi-finals after today's rest day in athletics

Not all brute force and ignorance

Weightlifting is full of surprises, writes Nicholas Woodsworth

WHEN the men in leotards stepped up to the platform the other evening, dusted their hands with talc and tightened the belts around their waists, I expected a show worthy of a circus.

Weightlifters, after all, are the strongest men in the world, the kind of physical oddities commonly found in the company of bearded ladies and two-headed calves. I anticipated bulging muscles, heaving shoulders and quivering biceps – a show of brute strength. A show is what I got, but not the one I expected. Weightlifting is full of surprises.

My first surprise was that muscles, shoulders and biceps were not what I ended up goggling at. It was faces. The event was the final for lifters weighing up to 100kgs – some of the heavy boys of the sport – and so a lot of muscle was on display. But the struggle recorded in the lifters' faces was compelling. Their features form a record of intense struggle, determination and anguish.

Every weightlifter has a different set of facial contortions, vocal expressions and body mannerisms registering the tremendous depth of power being summoned.

Denis Garon of Canada, for example, contemplates his weights with pursed lips and a long look of intense concentration before a lift. When the moment of effort comes, the tendons in his neck stand out like tent ridge-poles, his forehead takes on the appearance of a corrugated iron roof, his mouth opens wide and a tiny, strangled "Ah!" escapes.

Japan's Yoshimitsu Nishimoto, on the other hand, remains serene and Buddha-like throughout his performance. He gazes at the audience impassively, throws an inscrutable glance at his weights, and then without a flicker of emotion goes to work, raising 165kgs of steel over his brush-cut head.

For sheer spectacle I liked Waldemar Malak best of all. A crop-skulled 22-year-old Pole with a raw, farm boy's face, he treats the barbells like a personal enemy.

He comes on to the platform forcing short, sharp breaths of air through clenched teeth. He growls at the audience, growls at his weights, mutters Polish imprecations, and then with a tremendous "Yaaaaagh!" drives the barbells into the air, turning the colour of a good Polish beet in the process.

> Every weightlifter has different facial contortions, vocal expressions and body mannerisms registering the tremendous depth of power being summoned

Such aggressiveness pays off: Malak won a bronze medal, lifting a combined total in the snatch and clean-and-jerk events of 400kgs. Two Unified Team lifters, Russian Victor Tragoubov and Ukrainian Timour Taimozov, took gold and silver respectively with combined lifts of 410kgs and 402.5kgs.

My second surprise was that weightlifters do not look the way I thought they would. Bulging, rippling muscles – like walnuts stuffed into a condom, as Clive James once remarked – are not in great evidence in weightlifters. They are the trade-mark, rather, of the cosmetic body-builder.

Weightlifters do have tremendous muscle power, but not where you might think. It is not the arms, shoulders or torso that do most of the weightlifter's work – their main task is holding the barbell in place once it has been raised.

By far the greatest part of the power that drives a 200kg barbell from the ground into the air over a weightlifter's head comes from the quadriceps in his thighs. Iraq's Nazar Kadir has quadriceps so big they bulged a good inch or two out over his elastic knee supports. Frenchman Francis Tournefier looked as if he has had metal bars surgically inserted under the skin of his thighs.

Another surprise was that weightlifting is not a matter of brute strength alone, nor even a question of technique added to strength. A good part of the weightlifter's skill is cerebral. Not all weightlifters read Proust, but behind the contorted faces and tremendous physical effort lies great mental discipline.

MY final, and perhaps biggest, surprise came after the event was over. At a press conference I asked gold medal winner Tragoubov what his feelings were about Andrew Saxton, the British weightlifter who would have been competing against him that evening had he not been withdrawn for the use of performance-enhancing clenbuterol.

To the champion it was all news; until that moment he had not heard of two British weightlifting drug disqualifications in Barcelona. None the less, he rallied to Saxton's defence. It was distressing to hear such news, he said, but perhaps there had been some mistake.

What has provoked scandal, shame and endless moral navel-gazing in Britain has caused little disturbance elsewhere. In most foreign newspapers, the withdrawal of Saxton and Davies has earned a line or two at the bottom of the inside sports page. In weightlifters' locker rooms at Barcelona, it seems, it has not even caused a ripple.

The truth is that in the weightlifting world drug abuse is commonplace, as the 1988 Seoul Olympics showed. The Soviet Union's Aleksandr Kurlovich not only won a gold medal in the super-heavyweight class, but set an Olympic record. He had previously been arrested in Canada for importing steroids, banned, then reinstated.

His two main competitors at Seoul, another Soviet and a Bulgarian, withdrew from the competition, presumably because of last-minute fears of improved drug-testing techniques. When two Bulgarians were subsequently discovered to have used steroid-masking diuretic drugs, the Bulgarians withdrew their entire weightlifting team from the Seoul Olympics.

Seen from outside the UK, the British weightlifters' withdrawal is, unfortunately, a comparatively minor affair. Nor are the days of drug abuse in the sport over. Not long before the Barcelona Olympics began, Wally Holland, president of the European Weightlifting Federation, expressed his concern over the use of a new generation of performance-enhancing drugs.

This is a sport full of surprises. The most disturbing is that such temptations continue to make strong men weak.

OLYMPIC NEWS IN BRIEF

Major to push UK as 2000 Games venue

Barcelona '92

British Prime Minister John Major will attend the Barcelona Olympics on Friday and Saturday, partly to push Manchester's bid to stage the Games in the year 2000, British officials said.

Major, a keen sports fan, will also assess the kind of services a city must provide when playing host to the Olympics.

Major will meet Juan Samaranch, President of the International Olympic Committee, as well as the Barcelona organisers and members of the British team.

The officials conceded that last week's withdrawal of three British Olympic team members because they had failed drug tests might affect Britain's chances of staging the Olympics.

Beijing, Berlin, Brasilia, Sydney, Milan, Istanbul and Tashkent are also bidding to host the 2000 Games.

Morocco win men's 10,000m

Khalid Skah of Morocco won the men's 10,000 metres gold from Richard Chelimo of Kenya.

Addis Abebe of Ethiopia took the bronze.

Table tennis title for China

Deng Yaping and Qiao Hong of China won the gold in the women's table tennis doubles. The silver went to compatriates Chen Zihe and Gao Jun. The bronze was shared by Li Bun Hui and Yu Sun Book of North Korea and Hong Cha Ok and Hyun Jung Hwa of South Korea.

Graf assured of a medal

Defending tennis champion Steffi Graf of Germany clinched at least a bronze by routing Sabine Appelmans of Belgium 6-1, 6-0 in the quarter-finals.

Meanwhile Wimbledon finalist Goran Ivanisevic guaranteed Croatia its first Olympic medal with a five-set victory over Frenchman Fabrice Santoro.

Triple jump gold for US

Mike Conley of the US won the triple jump gold from compatriate Charles Simpkins. Frank Rutherford of the Bahamas took bronze.

Australia crush UK at hockey

Outgoing champions Britain lost all hope of another medal when they were humiliated 6-0 by Australia in the men's hockey in the country's biggest win over the UK since 1964.

Ukrainian walker disqualified

China won their first athletics gold in bizarre circumstances when Chen Yueling was declared winner of the women's 10km walk. Chen crossed the line after world champion Alina Ivanova of the Unified Team but the Ukrainian was disqualified for running. The 24-year-old Chinese walker finished in 44 minutes 32 seconds, pipping another Unified competitor Elena Nikolaeva by one second. Chen's compatriot Li Chunxiu won the bronze.

MANAGEMENT: THE GROWING BUSINESS

Following in Lovejoy's footsteps

JUST THE JOB

An entry into the antiques trade is easy. Making it pay – especially during a recession – is more difficult. The basic requirements are hard work, experience, knowledge, flair, and considerable capital.

There are three paths for those who want to become an antiques dealer but are lacking experience: a course at a college or university; a *practical, hands-on apprenticeship* working as an assistant to a dealer; or a job as a saleroom porter. There are many courses for students who want to pursue a career in antiques. The British Antique Dealers' Association (Bada) can supply details.

Finding a job in an antiques shop can be difficult because most dealers rely on the grapevine to obtain new staff.

For this reason, many antiques experts started as porters in the big auction houses where they were able to handle valuable antiques and gain experience at the same time.

Others decide to go it alone, buying antiques on their own account and opening a shop or even a stall. Some dealers have become successful without formal qualifications, but many fail.

To avoid being duped into buying fakes and forgeries from the unscrupulous, the safest way is to buy from one of the 400 British antiques dealers who are members of Bada. These dealers provide an after-sales service and seek to build long-term relationships with clients. They also offer advice on the restoration of antiques.

For all dealers, financial backing is paramount. Many ventures have failed because would-be dealers underestimated the capital needed to cover start-up costs. To stock a basic market stall can cost up to £10,000. The best place to set up a stall is at one of the large antiques markets or one-day antiques fairs *that are advertised in the local* press.

Salesmanship is vital in the trade. Having an esoteric knowledge of netsuke and English silverware is all very well, but you also need to be able to translate that knowledge into a tempting sales pitch.

Thomas Slemen

The British Antique Dealers' Association. 20 Rutland Gate, London SW7 IBD

Ian Hamilton Fazey looks at the venture capital industry

Cash mountain in search of a home

Pressure is mounting on Britain's venture capital industry, the world's biggest after the US. The continuous growth of the 1980s has stopped and about £1.8bn of funds is available but uninvested.

A resultant pause in fund-raising *is giving the venture capitalists'* own backers – mainly pension funds – time to think. In spite of the clamour from companies to swap debt for equity to help them through the recession, or for *working capital to help finance their way* out of it, the uninvested funds are not available for these purposes.

They are for growth, for gambling on *higher-than-average returns for higher-than-average achievement.* They are not even for long-term investment. Venture capitalists – and the pension funds that back them – want returns of 30 per cent in three to seven years in exchange *for taking the risk of losing all if a* company they support fails.

Since they get their returns from the flotation on the stock market of the companies they back, or from the sale of the whole business or just their stake in it, recession affects them badly. If the funds cannot exit easily from existing investee companies, this inhibits them from backing new ones.

At the same time, pension funds which have backed the venture capital funds are still being charged management fees of up 2¼ per cent of their investments, even if the money has not yet been put into any growing businesses.

Peter Folkman, a former 3i director who now runs North of England Ventures in Manchester, says: "What is now very clear is that this is a cyclical business. You cannot raise money in the UK at the moment, certainly not in the quantities that were available in the late 1980s." He questions whether the pension funds will ever again be as enthusiastic as they used to be when they are tapped again for money next year or, more likely, in 1994, when present stocks are depleted. "There will start to be a real shortage of funds in about a year's time," Folkman says.

The figures show what is happening. If 3i's network of more than 20 offices in London and the regions is excluded as an ever-present background of long-term development capital from the clearing banks, significant change in the venture capital industry is quickly apparent.

According to Ernst & Young, the accountants, UK funds invested £1.39m in 1988 in promising companies. This rose to £1.65bn in 1989, then fell back to the 1988 level before dropping to £1.15m last year. Since around £200m a year goes overseas, the UK position is worse than this looks. Yet while the market was turning down, the total pool available for investment was continuing to rise as pension fund managers got on to what most still saw as a bandwagon.

Venture Economics, a consultancy which analyses the industry, puts the pool of uninvested money at £384m in 1988, rising to £1.45m in 1989 and £1.85bn in 1990, when another £900m was, none-the-less, raised to carry forward.

Folkman has been analysing the *UK's figures for the last three years.* With overseas investment stripped out, these show £1.42bn invested at the 1989 peak, declining to £989m last year, a fall of 30 per cent.

This pressure told on numbers of *funds, with a shake-out from 124 in* 1989 to 114 last year. However, the number of deals fell by only 8 per cent, from 1,302 to 1,196, so that the *number of deals done by each fund* – 10.5 last year – was the same as in 1989. To make these numbers add up, there had to be a fall in the value of investments made by each fund – from £11.5m in 1989 to £8.7m last year, a drop of 24 per cent.

However, this is not entirely bad news for the funds, as Folkman's further analysis reveals. Of the £989m they invested last year, 28 per cent was in the Midlands and north, the area where Folkman's fund operates. This was worth £277m and compared with £256m in 1990 when the regions' share was 23 per cent. Moreover, the same regions' share of the 1,196 deals in 1991 was 34 per cent, or 406. The comparative figures for 1990 were 29 per cent and 354.

The trend, therefore, is for more deals in the regions where recession has not had such a serious effect as in the south, but at lower individual value. This is good news for regional funds, which grew from a handful in 1985 to more than 70 now. However, the regional funds are small, having only £5m-20m each to invest. This means that none is likely to put more than £1m into any single deal.

Charles Sherwood *of Schroder* Ventures says this is likely to lead to important changes in the industry. The first signs came in May when Schroder backed the purchase of Sumit Equity Ventures, one of the oldest regional groups, from A.E.Sharp, the Birmingham-based stockbroking and financial services company. Sumit has three funds worth £43m. It will now be run by Lindsay Bury, previously a founder of Apricot Computers. A.E.Sharp retains 10 per cent but Bury's other shareholders will be Schroder Ventures and Folkman's North of England fund, which Schroder also backs.

Sherwood says the industry is now mature and is segmenting. The strength of London funds is in big, complex, international or specialised high-technology deals. This is making it hard to compete in the regions. "We don't have the ability to respond quickly to deals outside London and we don't have enough regular contact with intermediaries in regional centres to develop trust between them and our funds.

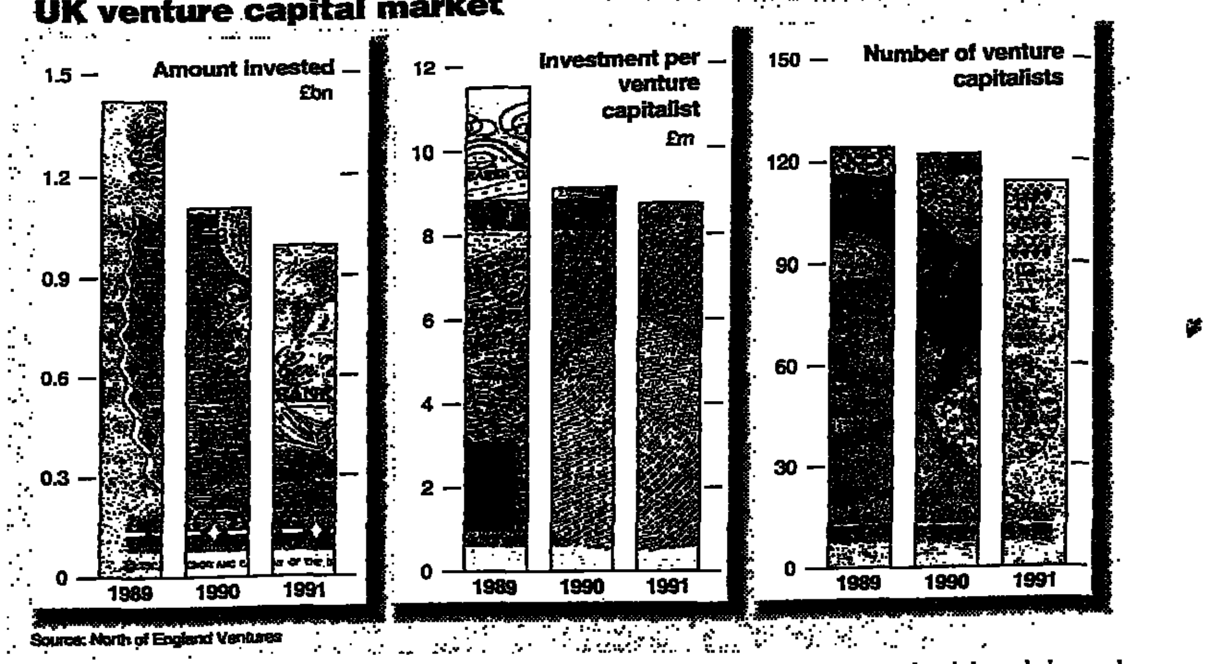
"If you have a small deal in, say, Leeds and don't need anything more than generalised venture capital skills, why even think of taking it outside Yorkshire?" he asks. He sees Schroder's tie-up with Folkman and Bury as akin to a franchising operation, with London money made more easily available for medium-sized or bigger deals in the regions.

It means a regional fund manager can score on local knowledge and *contacts with the growing professional networks of Manchester,* Leeds or Birmingham, but then get over the problem of only being able to invest about £1m at a time.

There are, of course, other structures for disbursing funds from London, such as 3i's national network or County NatWest's chain of regional offices. But Sherwood thinks the new alliance between Schroder, Sumit and North of England offers small regional funds an alternative to syndicating promising deals with competitors.

He thinks it will also appeal to pension funds when they start investing again, so it is a model other London funds are looking at. The potential benefits are also obvious for any growing business outside London that is a genuinely good venture capital prospect – however fraught the industry's struggle with the economic cycle.

UK venture capital market



Source: North of England Ventures

Learning lessons from the Olympics

Diane Summers reports on new initiatives in local economic development

It is almost impossible to run a business without tripping over countless agencies intent on stimulating local economic development and providing business support.

The government's Urban Regen*eration Agency is the latest body to* join the list of statutory, voluntary and private sector organisations attempting to get in on the act. The problem is that there is often little co-ordination between these bodies and, on occasions, there is even hostility and wasteful competition.

Michael Heseltine, president of the Board of Trade, highlighted the problem when he addressed a conference of Training and Enterprise Council leaders. The country could no longer afford "turf battles" *between the bodies, he said.*

Heseltine then promptly announced another addition to the scene – a network of "first-stop shops", eventually to be 200-strong, which will provide business support. The first shops are not likely to be in business until next year. Even if they are successful, there remains the problem of co-ordinating the wider strategic questions of local economic development.

Here the government is likely to look closely at a report by Coopers *& Lybrand, the accountants, and* published this week by the business-led voluntary organisation, Business in the Community.*

The study examines four European regions – Catalonia in Spain, Lombardia in Italy, Limburg in the Netherlands and Hamburg in Germany – and compares their local economic development records with the UK's. The report's main conclusion is that current initiatives in the UK are too fragmented and lack the necessary "critical mass" to be *effective. Consequently, individual* geographical areas in the UK are unable to compete with regions in the rest of Europe.

One topical example is Barcelona's achievement in winning the staging of the Olympic games against stiff worldwide competition. Barcelona and Catalonia have detailed, interrelated plans for the future development of the region, backed by investment programmes under local control.

The study finds strategies are *based consistently* on Barcelona's role as the capital of a leading "Euro-region" spanning the French-Spanish border. The machinery was in place for city, regional and national government to work together to capture the Olympics, in spite of political differences.

Catalonia's historical and political development as a region cannot be mimicked overnight but the report suggests ways in which UK co-operation can be stimulated and the necessary "critical mass" – economic strategies covering populations between 1m and 9m – can be achieved.

The initiative to set up pilot projects, building on the work of partnership experiments already under way in Birmingham and Nottinghamshire, should be "bottom up", says the report. Central government's role is principally to spread the message of co-operation and provide some financial incentives, perhaps along the lines of the City Challenge programme.

**Growing business in the UK – lessons from continental Europe. Contact: Oriama Pound, Coopers & Lybrand, Plumtree court, London EC4a 4HT. Free.*

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For further information, please contact the Joint Administrative Receivers:
J K R Jones and Vivian Bairstow

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LEGAL NOTICES

No. 234 of 1991
In the Chelmsford County Court
In the matter of Douglas Harker
And in the matter of the Insolvency Act 1986

A Petition to make Bankrupt the above-named Douglas Harker whose last known address was 17 Westergreen Meadow, London Road, Braintree, Essex, (occupation unknown) presented on the 23rd December 1991 by Royal Life Holdings Limited, whose registered office is at New Hall Place, Old Hall Street, Liverpool, claiming to be a Creditor, will be heard at Chelmsford Country Court at The Court House, London House, New London Road, Chelmsford, Essex on Thursday the 3rd day of September 1992 at 11.00 hours (or as soon thereafter as the Petition can be heard)

Any person intending to appear on the hearing of the Petition (whether to support or oppose it) must give notice of intention to do so to the Petitioner or its Solicitors in accordance with Rule 4.16 by 16.00 hours on Wednesday the 2nd September 1992.

The Petitioners Solicitors are Messrs Greenwoods of 30 Priestgate, Peterborough, PE1 1JE (reference CA)

DATED this 31st of July 1992.

THE INSOLVENCY ACT 1986
IN THE SWINDON COUNTY COURT
IN BANKRUPTCY NO 149 OF 1992

RE: BASIL MARRIOT MOORE, DECEASED – Lately of "Lynton", 146 Thrupp Lane, Thrupp near Stroud, Gloucestershire and practising at Stonewalls House, Victoria Road, Cirencester, Gloucestershire, as an accountant

I, Nigel John Halls of Cork Gully, Lennox House, Spa Road, Gloucester GL1 1XD HEREBY GIVE NOTICE that I have been appointed and certificated by the Department of Trade as Trustee in the above matter. All persons having in their possession any of the effects of the Estate must deliver them to me and all debts due to the estate must be paid to me. Creditors who have not proved their debts must forward their Proof of Debt to me.

N J Halls
Trustee

Notice of Appointment of Administrative Receiver

Shameer Limited

Registered number 1554220. Trading names(s) (b) Central House Hotel, Jubilee Court Hotel. Nature of business: Hotels and Residential Establishments. Trade classification (c): 47. Date of appointment of administrative receiver(s): 29th July 1992. Name of person appointing the administrative receiver(s): Humberclyde Finance Group Limited. (d) Malcolm E Cork, Office Holder No: 1841 Colin G Wiseman, Office Holder No: 6712, Joint Administrative Receivers Address: Booth White, 1/2 Little King Street, Bristol BS1 4HW

Notice of Appointment of Joint Administrative Receivers

PAXWOOD LIMITED

Registered Number: 2257217. Nature of Business: Manufacture Steel Partitions. Trade Classification: 11. Date of Appointment of Joint Administrative Receivers: 24 July 1992. Name of Person Appointing the Joint Administrative Receivers: National Westminster Bank Plc. IAN NAPIER CARRUTHERS AND STEPHEN J TAYLOR Joint Administrative Receivers. (Office Holder Nos: 814 and 7821) Cork Gully, 43 Temple Row, Birmingham B2 5JT

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EDUCATION FOR INDUSTRY

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Data source: BMRC Businessman Survey 1990*

FT SURVEYS

TECHNOLOGY

EDI on the book shelves

It is estimated that 70 per cent of all trading documents printed by computer are re-keyed into another computer by their recipients, representing considerable time and cost.

One way to reduce this wasted effort is to introduce electronic data interchange (EDI) which allows for computer-to-computer handling of structured information like orders, delivery notes, invoices, credit notes and other commercial communications between trading partners.

In the UK, booksellers are the latest retailers to embrace EDI. First Edition, of Otford, Kent, began supplying EDI services to the book community last month following a three-month pilot scheme involving five publishers and four booksellers/suppliers.

The potential market for EDI among booksellers is substantial. As Mark Hodder-Williams, managing director of First Edition, notes: "This is an industry with 15,000 producers and over 500,000 product lines."

Dillons, one of the biggest UK booksellers, estimates that it alone handles 1.5m invoices a year which, if placed end to end would reach from London to Leeds. The company spends about 11,000 hours a year keying them into computers.

First Edition, formed by Book Data, the book database company, and Vista Computer Services, the computer systems market leader in the UK book publishing industry, is providing EDI to the book industry based on the INS Tradernet service. First Edition subscribers receive the INS Intercept-Plus software for use on any PC clone, an electronic mailbox, full installation and consultancy, plus staff training.

The service provides publishers, wholesalers, the library community and bookshops with access to a low-cost, fast and reliable 24-hour computer-to-computer service for exchanging commercial documents in agreed formats defined by the Book Industry Communication, the official co-ordinating body for EDI in the book industry.

EDI is expected to offer a number of advantages to booksellers including speeding up communications, eliminating repetitive data entry, increasing accuracy, enhancing customer service and reducing operating costs.

Paul Taylor

Chilling the chips

Andrew Baxter describes why engineering in sub-zero conditions is becoming a hot topic

In the public imagination, cryogenics conjures images of astronauts frozen for science fiction's interstellar voyages or of rich Californians put on ice until the secret of eternal life is discovered.

Cryogenics – engineering at extremely low temperatures – is a serious business, however, with a range of applications in space and at a more down-to-earth level.

Inside one of Carrier's air conditioning factories in Syracuse, upstate New York, is a tightly-guarded prototype manufacturing laboratory where the final touches are being made to a "cryocooler", confidently expected to win a distinctly frosty reception.

Carrier is among a number of companies and universities which have been developing cryocoolers during recent years. Much of the work has been based on adaptations of the Stirling cycle engine patented by the Rev James Stirling in 1816, which can be used as a refrigerator if the direction of rotation is reversed.

Other advances in cryocooling were made by Philips of the Netherlands after the Second World War, while Oxford University's Department of Engineering Science has been developing cryocoolers for the past 14 years and was the first to produce a long-life maintenance-free cryocooler about 10 years ago.

Oxford's Stirling cycle cryocoolers are used almost exclusively for cooling infra-red detectors to give clearer images – two of its machines are installed on satellites – and its machines are now licensed to four companies in the UK and US, with a fifth deal in prospect.

The phenomenon that has galvanised Carrier into developing cryocoolers is slightly different. At extremely low temperatures, computer chips work much faster, because the resistance in the copper interconnects is reduced and the signals can travel more quickly. For reasons not yet clear, superconductors do not work at all unless kept very cold.

At 77 Kelvin or – 321 deg F – CMOS (Complimentary Metal Oxide Semiconductor) chips used in mid-range computers are twice as fast as when used in a standard air-cooled environment. The 77 Kelvin benchmark is the boiling point of nitrogen, used because nitrogen has always been an inexpensive, convenient refrigerant, although the working gas in cryocooling is normally helium.

The challenge for widespread commercial use of cryocoolers in electronics has been in getting them to work unattended for a long period and in making them cheaply, says Brian Hands, a research lecturer at Oxford.

In conditions of some secrecy, Carrier, part of United Technologies (UTC), has been working with the computer industry and with the multi-disciplinary United Technologies Research Centre at Hartford, Connecticut, to solve the problem. In the past few weeks, it has unveiled the first 250W cryocooler with an estimated "initial maintenance-free power-on time" of 50,000 hours.

The Carrier cryocooler is designed to fit on the standard electronic equipment rack at the bottom of a computer unit. The CMOS chip sits on the cryocooler's six-inch copper plate cool head.

Carrier has spent some tens of millions of dollars on its cryocooler, says Charles Lockerby, business development director of the Transicold division's advanced electronics cooling unit.

Much of the effort has gone into improving reliability and reducing noise and vibration down to a total of 45 decibels, but Carrier has also had to work hard, says Lockerby, convincing computer manufacturers "that it was going to be OK putting something mechanical inside the temple of the computer".

Carrier's hope is that mid-range computer manufacturers will buy the cryocooler in place of all the extra components currently used to make computers run faster. Once in volume production – which may not yet be for a year or two – the machines will cost about $20,000 (£10,500) when bought in quantity.

Lockerby sees a market of at least 10 to 15 years for cryocooled CMOS chips. The big question, however, is whether conventional developments in chip design will yield the faster speeds anyway.

Hands sees more potential for cryocoolers in superconductors, where the availability of reliable, inexpensive systems will assist in the development of high Tc (critical temperature) applications. The availability of mass-produced cryocoolers may well depend on their success in the much bigger computer market.

There are many other possible applications. Carrier is beginning to develop a cryocooler for magnetic resonance imaging machines which use low Tc superconductors – MRI is used widely in medicine as an alternative to X-rays – and also sees uses for cryocooled superconductors in space and defence.

At very low temperatures, superconductors have zero resistance, but they can also repel an external magnetic field, in such a way that a spinning magnet can be held in a levitated position. Known as the Meisner effect, this creates opportunities for cryocoolers in magnetically levitated transport (Maglev) and for levitating flywheels to store cheap energy for electric cars, says Lockerby. "We'd love to put one in every electric car," he adds.

At Oxford, there is particular interest in developing Stirling cycle "green" refrigerators – using nitrogen rather than ozone-damaging CFCs as the refrigerant. The cool head of a cryocooler is very localised, requiring a fan to distribute the cold and thus necessitating a complete redesign. "The biggest problem," says Hands, "is persuading the fridge manufacturers that it's a good idea. They want a 'drop-in' replacement to CFCs."

Carrier's forthcoming entry into the emerging, fragmented market for cryocoolers could be very significant, although mass-production will have to wait until the computer industry is ready to incorporate the machines in their designs.

The project has been given a high priority within Carrier and UTC, and Carrier wants to use its global marketing and distribution network to support what is eventually intended to be a very broad range of cryocoolers, says Lockerby.

Technically Speaking

Mind over matter

By Paul Taylor

"I admit that I felt more than a little sceptical when I met the people who claim to have developed a "mind-controlled" computer – even if the research had been done in the Medical Electronics and Physics department at London's St Bartholomew's Hospital.

The idea is to operate the computer by relaxing or tensing up at the appropriate time. Today's keyboard is recognised to be an awkward interface between man and machine, but this seemed to be taking things a bit too far.

The front door of an average-looking house in Muswell Hill in north London did nothing to reassure me. Could this really be the right address for Menorah Software? It was, said Daniel Rogoff, Menorah's director, as he sat me down on a suitably relaxing sofa, about six feet in front of an ordinary looking PC clone – minus the keyboard.

I was soon wired up – with two small sensor pads strapped to the fingers of my right hand. The wires led to a remote-controlled box about the size of a cigarette-packet which resembled a cordless computer mouse.

The electrodes on my fingers picked up biofeedback signals, in the form of skin resistance which, I was told, "has been widely used over the last 80 years as a 'marker' which reflects the state of physical, emotional and mental arousal of humans and animals."

Skin resistance is a well-established parameter for measuring psychological reactivity and was used by, among others, Karl Gustav Jung, the Swiss psychologist, and has been popularised by its use in "lie-detector" tests.

The signal, which varies according to how relaxed or stressed the person feels, is sent back via an infra-red link to a receiver in the PC which decodes the information and passes it along to the standard serial port of the computer.

Now for the clever part. Software in the computer processes the incoming data, displays it on the screen and communicates interactively with the user through text, symbols, games and animation designed by some of the people who worked on the film "Who Framed Rodger Rabbit".

Press the start button on the sensor control and the fun begins. The "game" I played, called Evolve, involved trying to move an animated fish. Relax, and the fish moves from left to right, turns into a mermaid who climbs out of the water, metamorphosing once again into a girl who walks up the beach, sprouts wings, and flies off into space, finally turning into a twinkling star. At least that's the idea. If, however, you tense up – as I did when Daniel asked me about deadlines – the whole process goes into reverse.

Other software modules included with the basic £189 (plus VAT) RelaxPlus package include "Mind-controlled Car", a driving game which requires the user to tense up as well as to relax, and two computerised interactive tutorials, Biofeedback and Muscular Relaxation. More games, including "mind-powered adventure games for children, home healthcare programs and a range of executive products for the office" are promised.

The least impressive thing about the system is probably the skimpy brochure which, in the tradition of pure hyperbole, claims that RelaxPlus will "help you attain your full potential by teaching your conscious and sub-conscious mind to communicate".

Is RelaxPlus more than another wacky computer game? Its developers think so. The system was devised by two healthcare innovation companies, Ultramind and Medeci Developments, and is based on research by a medical team at St Bartholomew's led by Ernesto Korenman in co-operation with Professor Bernard Watson, professor of medical electronics.

They believe that it may find uses in hospitals, doctors' surgeries, at home, and even in the office, where it might be used to help stressed executives "chill out".

RelaxPlus is distributed by Menorah Software: 081 803 4269.

THE WEEK IN LUXEMBOURG

EC law extends UK Social Security obligations

EUROPEAN LAW

IN TWO recent judgments, the European Court of Justice has clarified the application of community and UK social security rules in the contexts of family credit and income support.

In the first case, the ECJ ruled that family credit was a social security benefit which could be claimed by a worker from the national authority of the member country in which he worked even when resident in another EC state.

The court said that this also meant that the spouse of the worker who had never been resident or employed in the country in which the worker was employed could claim the worker's rights to family benefits for the members of his family to which he would otherwise be entitled.

The case concerned a civil servant who worked in Northern Ireland but lived with his wife and family in the Republic of Ireland. The wife claimed family credit to bring the family's income up to the minimum level of entitlement because her husband's earnings were at the time in question below the relevant threshold.

As a result of the court's ruling she should be paid family credit by the UK authorities rather than be left to claim any benefits available in the Republic of Ireland.

This decision may be short-lived. A recent EC regulation will require benefits in these circumstances to be paid by the authorities of the country of residence. However, the situation could remain uncertain until any challenge to the validity of the new regulation has been made through the national courts.

Case C-78/91, Hughes v Chief Adjudication Officer, Belfast, ECJ FC, July 16 1992.

IN THE second case, the ECJ held that EC rules on equal treatment of men and women in matters of social security and regarding access to employment and vocational training did not apply to UK supplementary allowance or income support. Income support was previously known as supplementary allowance.

The court said, first, these benefits were not directly and effectively linked to protection against the social security risks covered by the equal treatment rules.

Second, the fact that entitlement to income support may depend on conditions which may affect access to part-time employment or vocational training by single parents was insufficient to bring the benefits within the scope of the EC rules.

The subject matter of the UK benefit scheme is the provision of income support for persons of insufficient means to meet their needs, not access to employment etc.

Joined Cases C-63/91 and C-64/91, Jackson and Cresswell v Chief Adjudication Officer, ECJ FC, July 16 1992.

French overseas departments import charges unlawful

THE ECJ has condemned the charges imposed on imports into the French overseas department ("DOM"), Reunion, which were not imposed on domestic Reunion products.

The question of interpretation of EC law on the free movement of goods arose in refund proceedings before the Saint-Denis Court of Appeal (Reunion) brought by importers of cars from Germany and Sweden.

The court held the charges infringed the Rome Treaty rules which prohibit charges equivalent to customs duties and a similar rule in the EC Trade Co-operation Agreement with Sweden.

However, it limited the retrospective effect of its ruling to prevent financial difficulties for the Reunion co-operatives which had previously benefitted from the revenue. No refunds need be made by the Reunion authorities to parties who have not already filed their claims.

Case C-163/90, Administration des douanes et droits indirect v Legros and others, ECJ FC, July 16 1992.

Conditions for late collection of import levies

THE COURT interpreted various EC rules applicable to the collection of unpaid import levies on agricultural products in circumstances where the national authority responsible had made an error regarding the import certificate.

The Belgian authorities claimed unpaid import levies on eggs which the importer had declared at a lower amount in accordance with pre-fixed certificates which turned out to be issued unlawfully.

While pointing out to the Belgian Court of Neufchateau that the regulation whose interpretation it had sought was irrelevant, the court said the regulation did not prevent later claims by the importer for repayment of sums wrongly paid to the authority.

However, under the applicable EC rules, it was for the national court to assess whether the tests for preventing national authorities from claiming extra payments, resulting from their own error, were satisfied.

In the absence of fraud or a mistake by the importer, factors such as the obviousness of the error and the importer's size and experience had to be examined by the national court before deciding that it was reasonable for a national authority to claim payment.

Case C-187/91, Belgium v Société Co-operative Belovo, ECJ 6CH, July 16 1992.

National cheese additives rules upheld

THE ECJ dismissed cases brought by the European Commission against rules banning imports of cheese with nitrate additives in Greece, Italy and Spain.

The court ruled that the commission had ignored the tests of legality for national food additive laws established in previous cases.

According to relevant EC rules, the member states' obligations were merely to establish an authorisation procedure for food additives and ensure there was a right of appeal in the event of refusal.

The commission had not suggested there was any infringement of these rules. As a result, the court was not in a position to rule whether national rules on additives infringed Rome Treaty rules on free movement of goods.

Cases C-95/89, C-293/89, C-344/90, Commission v Italy, Greece and Spain, ECJ FC, July 16 1992.

THIS report completes the coverage of the vacation judgments given by the European Court on July 16 1992, after the formal end of its summer sittings. The next report will cover the first week of the new sittings starting on September 14 1992.

BRICK COURT CHAMBERS, BRUSSELS

PEOPLE

Civil servant flies into Smiths

There is a degree of symmetry, if not poetic justice, in the fact that Nigel Hughes, formerly chief executive of the Defence Research Agency before he was replaced by John Chisholm who was lured from the private sector, should himself have now touched down at a big public company.

Hughes, a scientist and engineer with a long career at the Ministry of Defence, is the new director of technology at Smiths Industries' aerospace and defence group, succeeding John Hollington, who is retiring after 36 years at Smiths.

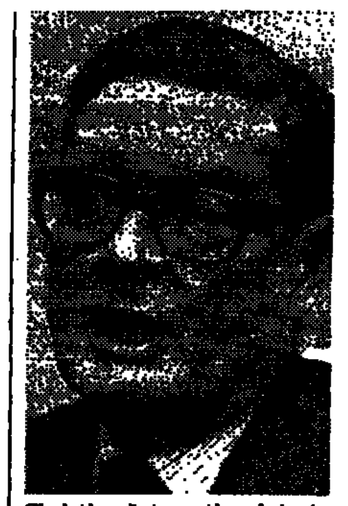
"Any civil servant always has a question mark at the back of his mind as to whether he can survive in the private sector," says Hughes, who is 54. "I am delighted to have the opportunity to give it a whirl."

He explains that since his early days working on aircraft blind landing systems, he had worked alongside Smiths. "I understand their product range and technologies."

Moving on from the Royal Aircraft Establishment to the Ministry of Defence central staff in 1980, he became deputy chief scientific adviser in 1984. Two years later he was promoted to become director of the Royal Signals and Radar Establishment, whence he masterminded the launch of the Defence Research Agency in April 1991.

But after two years as chief executive designate and chief executive of the DRA, he is philosophical about the MoD's choice of Chisholm to continue the job from last September. "All is fair in love and war," he says now.

From his new base in Cheltenham, Hughes will be in charge of the research and development function relating to civil and defence avionics at Smiths – which is understood to involve an annual research and development spend of around £100m.



Christies International is in talks with Sir Anthony Tennant, the out-going chairman of Guinness, about a position at the international art auctioneers, although Christie's was not yesterday prepared to confirm that Sir Anthony is its chosen candidate to succeed Lord Carrington as chairman.

An old Etonian – and art collector with a particular interest in British works including Scottish contemporary paintings – Sir Anthony combines the necessary establishment connections with the strongest of commercial pedigrees. During the past five years he is credited with putting Guinness back onto its feet after the scandal, and it is assumed that, even with the Christie's job under his belt, the 61-year-old will be in the market for another big industrial post after he retires from Guinness at the end this year.

Lord Carrington has chaired Christie's since 1988, presiding over a very tough time for the art world. While Christie's now claims a 49 per cent share of the global market – its highest record since the 1950s – thus treading heavily on the heels of Sotheby's, it has seen a period of stringent cost-cutting with Christie's directors taking the lead and voting themselves 20 per cent pay-cuts this year.

At 73, the former foreign secretary and NATO secretary-general, who, as the EC's chief negotiator, has been trying to bring peace to the former Yugoslavia, is likely to step down from Christie's next May at the time of the annual general meeting.

Promising "a further statement shortly" a Christie's spokeswoman would only say the house was "in discussion with Sir Anthony Tennant with a view to his joining the board".

Insurance moves

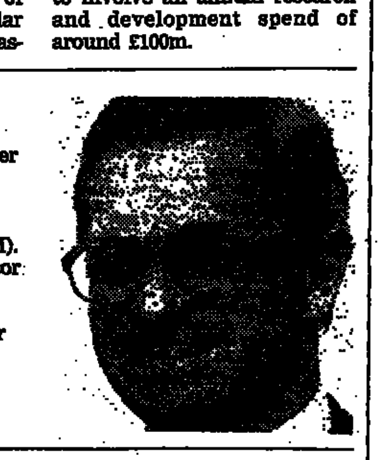
■ **Simon Pringle, Robin Stow** and **Michael White** have been appointed directors of NEWMAN MARTIN AND BUCHAN.

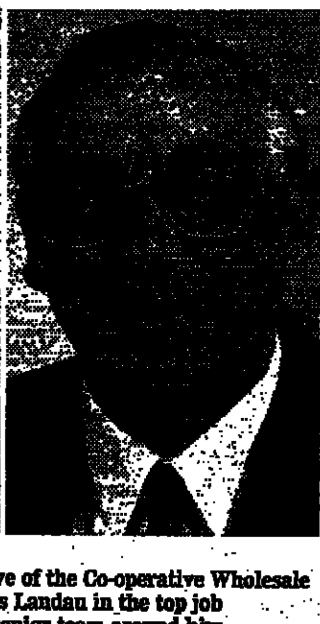
■ **John Dettling**, who represents the Sedgwick Group on the insurance sub-committee of the International Chamber of Commerce in London and Paris, has been appointed client servicing director of SEDGWICK JAMES (NATIONAL).

■ **Alan Morgan-Moodie**, former md of Albany International, has been appointed sales & marketing director of SUN LIFE INTERNATIONAL (IOM).

■ **John Hiscock** (right), director of ALEXANDER STENHOUSE's City branch, has been promoted to director of risk consultancy.

■ **Keith Satchell** is made a director of FRIENDS PROVIDENT.





David Skinner, the chief executive of the Co-operative Wholesale Society who succeeded Sir Dennis Landau in the top job in June, is beginning to build a senior team around him to press ahead with the movement's increasingly commercial approach. John Owen (above left), 49, a lifelong Co-op man, is to take on the position of controller of CWS Retail with responsibility for the society's shops as well as its travel, opticians and funeral services businesses. He will be complemented by Campbell Weir (above right), 57, most recently general manager, food marketing, who will become controller of CWS Production, which includes its farming, food manufacturing, milk delivery, engineering, consumer care and branded products businesses.

■ **Laurent Condomine**, md of ICI France, has been appointed planning manager of the group planning department; he succeeds **Bob Bew**, who has been appointed general manager, petrochemicals and plastics business.

■ **Bryan Topham** has been appointed executive chairman and **Declan Salter** md of Watmoughs Ltd. **Russell Allan** is appointed executive chairman and **Michael Howell** md of DH Greaves. **Robert Le Mare** becomes executive chairman of Watmoughs Financial Print Ltd, Jowetts Ltd and Jowetts Direct Ltd. These are all subsidiaries of WATMOUGHS (HOLDINGS) of which **Barry Smith** is appointed company secretary and group financial controller.

■ **Frank Hemsworth**, md of Unipart International, has been appointed to the board of the UNIPART Group of Companies.

■ **John Munday** has been appointed sales and marketing director and **Adrian Rozario** finance director of TREMCO Ltd, a subsidiary of Tremco Inc, part of BF Goodrich Group.

Art/Patricia Morison

Wisdom of the Aztecs, writ in blood

THE WISDOM of the Aztecs was enshrined in a painted literature. As the conquistadors observed, the great Aztec ruler Moctezuma had libraries full of painted books and scrolls, the work of priest-scribes who "wrote" in colourful images rather like strip-cartoons. Human blood was dripped on to the pages to feed the images.

The exhibition *Mexican Painted Books: Before and After the Conquest*, at the British Museum in London, offers a rare opportunity to see these most vivid survivals of a vanished civilisation. But it does not make much of a fist at explaining the complexity of what "reading" meant to the ancient Mexicans.

The American peoples were analphabetic. Essentially, the Aztecs and their neighbours used pictograms and ideograms, although by the 16th century they were beginning to evolve phonetic symbols. Page layout, the scale of symbols, the way they are grouped, even colour values: all influenced meaning. Decoding a book, as the Europeans commented, was a dual *process, the eye* scanning the images which prompted the reader to recite oral history.

Britain's museums and libraries own a remarkable collection of ancient Mexican manuscripts, the large part of which can now be seen in the exhibition. The earliest codexes to appeal to English bibliophiles reached Oxford's Bodleian Library in the early 17th century.

The magnificent Codex Mendoza was illustrated by native artists on the orders of the Spanish ambassador, to show Emperor Charles V what his new subjects were like. However, it never reached him – the galleon taking it to Spain was intercepted by a French man-of-war. Bought by Richard Hakluyt, the English ambassador to France, it ended up in the Bodleian Library at Oxford University. Libraries at Liverpool, Manchester and Glasgow have also loaned books, maps and scrolls.

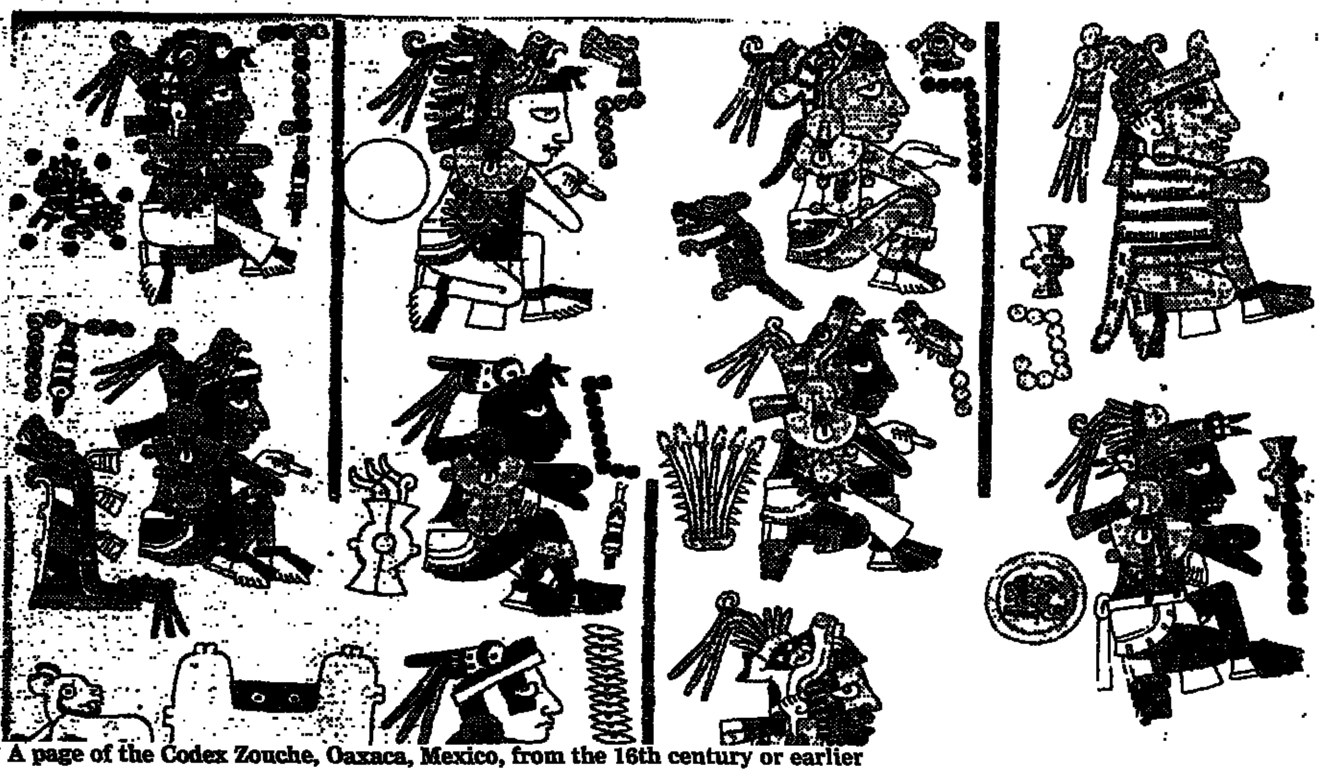
Perhaps inevitably, one's first impression of this show is one of gloom. Ancient Mexican books are fragile so light levels have to be kept low; even scholars normally have to make do with facsimiles.

Mexican books were written on animal-skins coated with gesso, or on native paper made from the beaten inner bark of trees of the *Moraceae* family, such as figs and mulberries. Paper (*amatl* to the Aztecs) was also used to costume the statues of the Aztec gods and in burnt offerings.

Quite the most remarkable things in the exhibition are the elaborate pre-Hispanic screen-fold books, long accordions of painted animal-skins which could be read on both sides. In Codex Egerton, a Mixtec genealogy, we see 26 generations of rulers, symbolised by husbands and wives seated on thrones and passing mysterious pres*ents to each other.*

The Féjérváry, Zouche and Laud skin-fold books are splendid, but baffling. Zouche was one of the manuscripts which Cortés sent to Charles V. One side (it will be turned during the show) relates the blood-thirsty career of the hero Eight Deer. On the other side, there is a genealogy focused on generations of goddesses all called Three Flints.

In the brilliantly coloured scenes in the Féjérváry codex – red, turquoise, and pale yellow within heavy black outlines – there are such ominous images that the human sacrifices of the Aztecs come readily to mind. Gods hold small figures by ropes around their necks. Severed heads are perched on stools and a jaguar-



A page of the Codex Zouche, Oaxaca, Mexico, from the 16th century or earlier

headed god holds a human *head between its jaws. Figuratively* speaking, these pages are spattered with the blood of codicologists struggling to interpret them.

Post-Conquest books are, on the whole, easier to follow as native artists painted for their foreign masters, and became progressively influenced by the woodcuts in European books. Opportunely, there is a new book on this topic: Serge Gruzinski's *Painting the Conquest: The Mexican Indians and the European Renaissance* (Unesco/Flammarion, 231 pages).

This would be my candidate for the most desirable of all the new books on the Conquest. Written by a specialist, it is both a pleasure to read and beautifully illustrated from post-Columbian codices, especially the Florentine Codex; *none of the pictures, oddly* enough, are from the B.M's collection.

In the exhibition itself, the Kingsborough Codex provides a vivid picture of the fabulous wealth of the new country and of the cruel exactions of the conquerors. Indians are grabbed by the hair to force them to disgorge for the annual sailing of the tribute-ships for Spain, laden not only with gold, "the divine excrement", but with furs, obsidian, shoes, pottery jars, and brilliantly-coloured mantles and cloth.

In one scene, Cortés himself appears, ordering four reluctant tribute-payers to be burnt alive. Remarkably, one such Aztec tribute-list now on view was unearthed as recently as *1986 in the Ulster Museum. A charming little treatise of the* mid-17th Century shows the manufacture of cochineal, a red dye made from crushed beetles, which remained for centuries an important export.

As for Christianity, arguably Spain's greatest export to Mexico, it is represented by an 18th century illustrated example of the popular *Doctrina Christiana*. Here we see the radical disjunction between word and image which initially was so foreign to the Indians. The woodcut shows Adam and Eve expelled from the Garden of Eden. Was this a particularly poignant image to these recent converts? The text is in Nahuatl, written in Roman script.

The B.M's Aubin Codex, a *history of the Aztec from 1168* to 1608, just might jog visitors' memories. Aubin was a 19th century French ethnographer who also gave his name to a pre-Hispanic codex of horoscopes which in 1841, was presented to the Bibliothèque Nationale in Paris. And then, ten years ago this summer, a Mexican journalist "liberated" it from its wooden box. By the time the library authorities had noticed its loss, the book was in Mexico's National Museum of Anthropology. Jacques Lang, French Minister of Culture, objected, but nothing doing. The Mexicans are sticking to their precious specimen of reverse plunder.

The exhibition runs until next spring.

Music/Richard Fairman

The Death of Moses

IN AN inspired piece of programme-planning the Promenade concert at London's Royal Albert Hall on Sunday brought together a pair of works based on the story of Moses. Biblical themes have been fruitful ground for composers, whether to serve as picturesque narrative in the 18th-century style or to investigate universal themes for the present day.

The new work was *The Death of Moses* by Alexander Goehr. Not strictly a first performance, as the piece had already been given two days earlier in Seville (ironically a city which expelled its Jewish population exactly 500 years ago). But this was among the major premieres of this year's Prom season and the high standard of the performance by the Monteverdi Choir under John Ellot Gardiner will surely have done it justice.

Its theme is Moses's rejection of death, or by implication the refusal of man in general to accept his fate. In both John Hollander's words and Goehr's music, both incidentally a model of clarity of expression allowing a firm grasp of the issues the work seeks to address, that wider interpretation is suggested with commendable sleight of hand.

The music's style is at once ancient and modern. Inspired by the sounds of Monteverdi's Vespers, Goehr has sought to translate some of those instruments into modern terms: the archlute becomes an electric guitar, the chamber organ a synthesiser, the cornetti are soprano saxophones. But the marvel of the small orchestra that he has assembled is its pungency, which continually brings to mind the oldest instrumental traditions.

In this way the music reaches beyond any specified period. The work is not a standard oratorio, certainly not an opera, although Moses's cry "I will not die" is placed with the sure dramatic sense of a composer well versed in the operatic medium. In its half dozen or so short sections it rather offers individual meditations on Moses's story, each specific in its aim, economical in gesture. Sacred though it may be, the mood remains sharply focused throughout.

All this is very much in the right vein for Gardiner and his highly disciplined band of singers. The New London Children's Choir joined them for the Goehr, but otherwise the cast was the same as for the first part of Handel's *Israel in Egypt* before the interval, with Michael Chance the countertenor, Nigel Robson the tenor, and the English Baroque Soloists. To both narrators of the Moses story they proved exemplary interpreters.

Theatre/Alastair Macaulay

Phoenix

THE EXCITEMENT of this new play at the Bush Theatre by Roy Macgregor is the way its characters are caught up in the waves of recent history. The date is 1989; the Berlin Wall is falling. Renata, a former terrorist who caused the death of a West German bigwig and his daughter, knows that East Germany will no longer be a refuge for her. Bruno, her former partner in crime, wants her to keep his involvement secret, now that he is a prominent West German journalist with a wife, family and distinguished in-laws. He buys her promise of silence by arranging her reunion in Berlin with the father she has not seen for years.

The play's beauty lies in all the detail that surrounds this. You see Renata's father Frankie, initially in his poor New York abode. He was a jazz musician; his Phoenix jazz club was burnt after his daughter had caused those deaths. You see Renata's East German husband, Paul, who even knows her by another name; and you see him and a friend, Rudi, following her on a train to Berlin. They have never been West; and Rudi, determinedly hip, insists "It's gonna be a gas-gas-gas." You see Bruno's wife, Gabi, and father-in-law, Otto – who would himself have been assassinated by terrorists but for an assiduous chauffeur.

The plot that links these people is worthy of Le Carré at his best. Renata is drawn from her East German marriage, like a vixen from her lair, by her need to see her beloved father again. For her and for the more duplicitous Bruno, the past keeps becoming far more alive than the present. Even their marriages become unimportant. And, for Renata the refugee from Western justice, there is now no future anywhere. I will not reveal what happens; you follow the narrative like a thriller.

Dominic Dromgoole has directed with marvellous concentration. Simple encounters and confrontations acquire immense eloquence. Body language, nuances of accent, details of behaviour all speak volumes without ever spoiling the naturalistic tone of the play. Thanks to deft designs by Mark Viner, the play moves briskly from one locale to another. (Only the use of projections during the scene-changes misfired – too huge to be effectively visible.)

The cast does the play proud. As Renata, Nicola Redmond is always calm and inscrutable; whatever fires are left in her smoulder deep down. By contrast, Niamh Cusack as Gabi is eager, trusting and transparent. Both acquire great pathos as the play develops. Nick Dunning's burnt-out, inelegant Bruno is – as the plot requires – the most mysterious character of all: which in turn is repeatedly contrasted with the vivid, funny, tired old jazz-player Frankie, as played by Trevor Ray. Patrick Godfrey as Otto, Ewan Stewart as Paul and young James Hooton as Rudi all ensure that each scene feels like a large and brimming chapter.

Continues at the Bush Theatre, London W12, until August 22.

Exhibitions/Marina Vaizey

Face facts: new visions of the visage

Face of Ken Moody, 1983, by Robert Mapplethorpe

TWO EYES, a nose and a mouth, five dashes placed in a circle: a face is what most of us first see – and first try to depict. We gaze into the faces of others, look at our own in the mirror, cover ours with all kinds of things, from make-up to sunglasses to beards, depending on sex and culture. And we assume that we know each other's attitudes and feelings by interpreting the almost infinite range of expressions which the face, with its elaborate muscular structure, is capable.

The face, stripped bare – the skull – is the ultimate *momenti mori*. So it is inevitable that the face should be currently undergoing, on the outskirts of Paris, deconstruction and reconstruction in an enthralling anthology, A Visage de Couvert (The Naked Face) at the Cartier Foundation at Jouy-en-Josas until October 4.

Here, among other things, are tattooed Maori faces, the life mask of William Blake as the subject of painting by Francis Bacon, Andy Warhol's smiling Jackie in diptych and organic masks all put together beyond any framework of historic, chronological, geographic or cultural categories.

The collection is billed simply as "200 masterpieces from every civilisation" and described as "witnesses to the philosophical and aesthetic interrogation that man has always had with his own image". The French are hardly given to understatement.

There is a fascinating paradox at the core of the exhibition. The faces are not presented as portraits and the subjects are rarely named. If identified, most mean little: for example, Robert Mapplethorpe's powerful photograph of a black face with its eyes closed – a living mask – is named as Ken Moody. And yet from the extraordinary Sang mask from the Gabon to 19th century bronze caricatures by Franz Xaver Messerschmidt to Picasso's cubist head of a man, the parade faces, however stylised, satired and stereotpyed, is a procession of remarkable individuality. Even the Malevich suprematist face – two squares, a rectangle and a curve in black (the ultimate smile) floating in a white rectangular space seems cheeky and smart and proves that revolutionaries can relax.

The exhibition is dramatically shown in three separate sections apportioned among three free-standing galleries in the spacious gardens – themselves a permanent sculpture park – of the Cartier Foundation, opened by the company in 1984 to show thematic art exhibitions to the public. Occasionally the sense of chic occasion has overwhelmed the art: last summer's meditation on Vitesse (Speed) was long on presentation and short on substance. Not so with The Face: divided into sections called The Grammar of the Face, Uproar, and Silence, there is plenty of room for the spectator to respond to a rich display in various media, including holograms and video.

The heads are almost exclusively frontal views. Appearances range from the startling smears of paint used like muddy cream by Frank Auerbach for his obscure emotionally telling portraits of his friends to the colourful and sinister watercolour heads by Francesco Clemente; a gouache and glued paper portrait by Paul Klee vividly evokes a face with orange blobs for eyes and nostrils set in to a grey oval, a contrast to the radiant liveliness and immediacy of the second century Egyptian Fayum portraits of a young man which have adorned his coffin.

This is a primitive and sophisticated mix, and what becomes clearest of all is the surprising perversity of modern times. There are surprisingly few female faces on view. Many of the modern and contemporary artists as seen here defy history by cultivating the childish, affecting a knowing, sly innocence. They focus on anxiety and alienation, their images are fragmented and broken down, distorted and deliberately obscure.

The stark simplicity, coupled very often with elaborate decoration, of the masks and faces of North American Indians, African tribes and the classic perfection of antiquity, still have a persuasive power. After this extraordinary immersion into faces across human history, destroyed and reassembled, our own will never look quite the same again.

INTERNATIONAL ARTS GUIDE

BARCELONA

Gran Teatre del Liceu 21.00 National Lyric Ballet of Spain in a mixed bill of choreographies by Duato and Roriz, repeated tomorrow. An alternative programme, including Jiri Kylian's Stamping Ground, can be seen on Thurs, Fri and Sat (412 1466)

CHICAGO

RAVINIA FESTIVAL
Tonight at 20.00, John Williams conducts the Boston Pops Esplanade Orchestra in a programme of film music. Tomorrow's concert is a musical salute to the Big Band Era.

On Thursday, Augustin Dumay and Maria Joao Pires play violin sonatas by Schubert, Beethoven and Debussy.

André Previn conducts the Chicago Symphony Orchestra on Fri and Sat, with piano soloists Pires (Fri) and Stefan Vadiar (Sat). Sun: Puccini evening with Diana Soviero and Franco Farina. Mon: Bolcom and Morris present American popular songs. Next Wed: Ella Fitzgerald (312-728 4642)

COPENHAGEN

TIVOLI CONCERT HALL
Elise Batnes gives tonight's song recital at 19.30. Tomorrow, David Geringas plays cello sonatas by Schumann, Schnittke and Brahms.

Antoni Wit conducts the Tivoli Symphony Orchestra on Thurs in a programme including Sibelius's First Symphony. Mischa Maisky is cello soloist in an orchestral concert on Sat, and Boje Skovhus sings Die schöne Müllerin on Sun. Next Mon, Dmitri Kitaenko conducts Tchaikovsky's First Symphony and Prokofiev's Alexander Nevsky. Aug 12: Giulini conducts the ECYO (3315 1012)

GENEVA

This summer's music programme at the Cour de l'Hôtel de Ville is built around the theme of dialogue between Europe and Latin America. Tonight's piano recital by Suzanne Husson includes music from Argentina, Guatemala and Brazil, as well as Chopin's 12 Etudes op 10.

Tomorrow: guitar recital by Pablo Cohen, including works by Albeniz, Chick Corea and Leo Brouwer. Sat: Janis Kelly and Adrian Thompson, accompanied by Iain Burnside, give a song recital on the themes of European responses to American culture and Americans in Europe, including works by Frank Bridge, Satie, Dominick Argento and Bernstein (312 4353)

HAMBURG

Carlos Kalmar conducts the Hamburg Symphony Orchestra tonight at 20.00 in the last in its series of Tuesday evening summer concerts in the Rathaus (454946). Peter Schreier gives a Lieder recital tonight in the St Michaelis Kirche (366588). Fri and Sat at the Planetarium: Robert Stehli conducts the Hamburg Mozart Orchestra in works by Mendelssohn, Mozart and Grieg (516621). St Pauli-Theater has Cole Porter's musical Kiss Me Kate till Sep 10 (314344). The Deutsches Schauspielhaus has daily performances of West Side Story till Aug 30 (248713). Kampnagel International Summer Theatre Festival begins on Aug 13 and runs till Sep 5 (351721)

LOCARNO

The Locarno Film Festival opens tomorrow with the world premiere of the "definitive" version of Visconti's Il Gattopardo, including several minutes missing from the version shown at the last Venice film festival (Piazza Grande at 21.30). The festival will also host the world premiere of Daniel Schmid's autobiographical film Hors Saison; the European premiere of Juice, in which Ernest Dickerson (director of photography for the most recent Spike Lee films) investigates Harlem ghettos; and a retrospective of Italian director Mario Camerini (1895-1981), *including Il signor Max and* Criminals. The festival ends on Aug 15 (93-310232)

NEW YORK

BLUE NOTE
Ray Brown, who served with beboppers Charlie Parker and Dizzy Gillespie and now ranks as one of the leading jazz bassists, brings his quartet and singer Marlena Shaw for a six-night engagement starting tonight. First set at 21.00. Dining (Blue Note Jazz Club and Restaurant, 131 West 3rd St near Sixth Ave, 475 8592)

FAT TUESDAY'S
Anita O'Day, the jazz vocalist who rose to fame with Gene Krupa's band in the forties and recently made a critically acclaimed comeback, begins an engagement tonight. Music from 20.00. Dining (190 Third Ave at 17th St, 533 7902)

SAN SEBASTIAN

Teatro Victoria Eugenia 20.00 Ballet Cristina Hoyos, also tomorrow. The San Sebastian Festival runs till Sep 1 (481160)

SEVILLE EXPO

MUSIC
The programme at the Maestranza Theatre continues with Manuel Penella's El Gato Montes staged by the Zarzuela Theatre of Madrid, daily from Fri till next Tues. This is followed by two concerts (next Wed and Thurs) by the Pittsburgh Symphony Orchestra. *Mstislav Rostropovich gives a cello recital* on Aug 17.

THEATRE/DANCE
The open-air Auditorium has a *flamenco spectacular this* evening, a concert by Rui Veloso of Portugal tomorrow and Vittorio Gassman's stage adaptation of *Moby Dick from Aug 14 to 16.* The dance programme at the Italica amphitheatre continues with Gulbenkian Ballet tonight and Maguy Marin Company on Fri and Sat. National Lyric Ballet of Spain gives three performances next week. Teatro Lliure's production of Beaumarchais' Le Mariage de Figaro runs at the Lope de Vega Theatre from Aug 13 to 16. The Central Theatre, specially created to show avant-garde theatre during Expo 92, has Carlos Marquerie's Titanic tonight, followed on Sat, Sun and next Tues by the Vienna Festival production of Jan Fabre's Sweet Temptations. The Palenque has daily performances of traditional Spanish dance and music.

● For further information, dial 0034 5 448 0404 from outside Spain, or 902 22192 in Spain.

STOCKHOLM

STOCKHOLM PHILHARMONIC
Okko Kamu conducts a free late-evening concert on Thurs. There are further pre-season concerts on Aug 12, 16 and 20 (244130)

VADSTEJNA
Vadstejna, a medieval town 250km south-west of Stockholm, has festival performances of The *Island of Spirits, an opera by the late 18th century Prussian* court composer Johann Friedrich Reichardt (till Sun at Vadstejna Castle), and Jonas Forsell's *comic musical drama Thine is the Kingdom, in a revival of last* year's successful production at Vadstejna Old Theatre, opening on Fri and running till Aug 16 (143-12229)

WASHINGTON

WOLF TRAP
Ballet West gives performances of Romeo and Juliet tonight and tomorrow at 20.00. Fri and Sat: Peter, Paul and Mary. Sun: Wynton Marsalis. Next week: Wolf Trap Opera Company in Die Zauberflöte (Filene Center at Wolf Trap, 703-218 6500)

BALTIMORE SYMPHONY ORCHESTRA
This week's concerts at Oregon Ridge include a programme entitled Romantic Works and Fireworks on Fri, followed on Sat by Family, Fun and Fireworks, including Disney classics (410-783 8077)

THEATRE
● Look – We Have Come Through: a show based on the memoirs and letters of D H Lawrence and his wife. Daily till Sat (Olney Theater 301-924 3400).
● Cats: Trevor Nunn's production of the Andrew Lloyd Webber musical. Till Aug 15 (National Theater 628 6161).
● Falsettoland: William Finn's popular musical runs till Sun (Studio Theater 332 3300).

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0830-0900 (Mon) FT East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly – global business report with James Bellini
0830-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY

CNN
0900-0930 World Business This Week – a joint FT/CNN production
1900-1930 World Business This Week

Super Channel
1930-2000 FT Eastern Europe Report

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1800-1830 FT Business Weekly

Sky News
1330-1400, 2030-2100 FT Business Weekly

FINANCIAL TIMES

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Tuesday August 4 1992

Tilting at Cadbury

NOW THAT the responses to the Cadbury committee's report on the financial aspects of corporate governance are in, it is clear that they amount to something less than a ringing endorsement for a worthy but unconvincing document. They also pose a dilemma for a committee that now has to consider possible amendments to the report before its voluntary code of best practice comes into effect for financial years ending on December 31 1992. This is because the report, which seeks to strengthen the role of auditors and non-executive directors and to improve standards of corporate reporting, has been powerfully attacked from both ends of the spectrum.

One group, including institutional fund managers and the press, argues that Cadbury's form of voluntarism is inadequate and that the code's approach to enforcement via the stock exchange listing agreement and pressure from institutional investors is unlikely to work. Significantly, the Confederation of British Industry, while welcoming in principle a code of best practice, has also expressed worries about enforcement.

At the other extreme some leading industrialists argue in private that the report is so much bureaucratic nonsense. In public many support the line of the Institute of Directors, to the effect that Cadbury's desire to impose special functions on non-executive directors undermines the principle of the unitary board.

Common sense

The problem for the committee is that while these lines of attack are ostensibly at odds with each other, they both contain grains of sound common sense.

The Cadbury report's origins lay in the spate of corporate scandals that followed the Thatcher boom. Many company collapses appeared to have been precipitated by dominant entrepreneurs who were not subject to adequate checks and balances. Neither the institutional investors, the auditors nor the non-executive directors appear to have exerted a sufficient restraining influence. For want of proper accountability, companies were driven off the rails.

Effective tool

A voluntary code of conduct is hardly the most effective tool for holding dominant entrepreneurs in check. It will, admittedly, provide a useful yardstick against which standards of boardroom behaviour and disclosure can be measured. But where entrepreneurs choose to ignore the code, the Stock Exchange's ultimate sanction of suspending the quotation will damage the very shareholders that the code was intended to protect.

As far as Cadbury's proposals on auditors and non-executive directors are concerned, there is much that is constructive in them. But they do not address sufficiently squarely the conflict in the position of auditors who are, in effect, hired and fired by the directors whom they are required to monitor. And by asking non-executive directors to combine an increased monitoring role with their existing managerial function, they demand too much. As long as the legal definition of the duties of non-executives is the same as that of the executive directors, they will tend to identify with the executive camp.

In the absence of more effective proprietorial control, the answer must be a separate legal definition of responsibilities for non-executive directors, including clearly defined monitoring obligations. But it will take many more scandals for the present government to accept that case. The corporate sector will thus muddle on with Cadbury, more or less; and the scandals will continue to come, too.

Balkan refugees

THE UNITED Nations conference last week on how to deal with the problem of Yugoslav refugees did not come up with any ready-made solutions. But it has, at least focused governments' attention on an increasingly critical situation, demanding urgent action.

It is all the more unfortunate that the donor countries have been unable to reach a genuine consensus. Those such as Germany, Austria and Hungary, which have offered asylum to hundreds of thousands of former Yugoslav refugees, understandably feel that the burden should be more equitably shared between countries.

Others, such as Britain and France, which have already absorbed a large numbers of immigrants from their former colonies, do not want to open their doors to a new flood of refugees, particularly during a recession.

Critics of Germany's proposal that refugee quotas should be fixed for each host country argue that transporting hundreds of thousands of refugees abroad merely plays into the hands of the Serbs, whose policy of expelling Croats and Moslems is designed to create ethnically pure regions. But the alternative favoured by most nations, the creation of internationally-protected "safe zones" in the former Yugoslav region, also has some serious drawbacks.

The danger is that the Serb policy of "ethnic cleansing" has already gone so far that it will become impossible for most Moslem refugees ever to return to their homes. There is also a risk that the protected zones may become semi-permanent fixtures, like the Palestinian camps in Lebanon, at a huge cost to an already overburdened UN.

Given the urgency of the situation – shelter will have to be provided for some 500,000 Bosnian refugees next winter – all countries should be prepared to make an additional effort to take in refugees pending a move on the safe zones.

Washington's decision to offer Bosnian refugees "temporary protected status", is a formula which even Britain and France should find it possible to accept.

Retirement at 65

THE SOCIAL Security Advisory Committee, an independent body set up by the government, has done its creator proud. Yesterday's report on equalising the state pension age says what the Treasury would most like to hear: that the retirement age for women should be moved from 60 to 65, to equal that of men. The packaging of this fiscally prudent suggestion is politically alluring. "A significant part of the money saved," says the report, should be used "to improve the well-being of the most vulnerable groups."

Even better, the cash should be diverted towards making the state pension scheme of the future "more responsive especially to the needs and requirements of women". These elements of the SSAC package form an "indivisible whole". In sum, backing is given to a proposal that will eventually save some £3bn a year, provided that most of it is spent on disadvantaged pensioners.

The suggestion is practical. Equalising the retirement age at 65 would bring the UK in line with most west European countries. Italy and Germany are moving in that direction, while France, the committee says, is currently reconsidering the costs of an earlier decision to shift downwards to 60. Moving to 65 would also allow the UK pensions industry to heave a huge sigh of relief. It is still wrestling with the consequences of the EC court judgement in the case of Barber v Guardian Royal Exchange Group. This ruled against discrimination in occupational schemes, since when the trend has been toward equalising at 65. If the government establishes that age for state beneficiaries, it would be set in concrete.

Critics who accept that the cost of moving the pensionable age for men down to 60 is prohibitive may prefer a flexible decade, during which retirement could take place at between, say, 55 and 65. The SSAC report rejects this. It describes it as a system for trading off the savings on those who retire early and receive lower pensions against the costs of higher payments to those who defer retirement to a later age. On this basis the long-term sick and disabled, plus those for whom redundancy or unemployment in their 50s is a form of involuntary early retirement, would need income support for the rest of their lives.

The principal flaw in the SSAC's admirably succinct report lies in its rationale for proposing piecemeal improvements to the social security system. It wishes to avoid too great an increase in dependence on income support. The latter is a means-tested benefit, with a lower take-up than retirement pension. Certainly take-up should be encouraged in every way possible, but the eventual phasing-out of universal benefits and their replacement by better targeted payments to those most in need should be as much an objective of government policy as the phasing-in of an equalised state pensionable age of 65.

The delicate art of persuasion

Italy's government has yet to convince investors of its commitment to budgetary reform, writes **Edward Balls**

Summer heat and tourists are usually enough to persuade the citizens of Rome to head out of town. But Italy's current economic crisis means there are no holidays for government ministers and Treasury civil servants this year.

Mr Giuliano Amato, prime minister for a month, has acted fast since he came to office. Last Wednesday, he hustled through parliament, using a vote of no-confidence, an emergency budget package which includes L30,000bn of tax increases and spending cuts.

Yesterday's half-point cut in the discount rate (the rate at which Italy's central bank lends to commercial banks) to 13.25 per cent is a reward for such swift action. But the financial markets remain unconvinced that Mr Amato has either the courage or the political clout finally to bring the budget deficit under control without resorting to inflation and devaluation.

Investors are still commanding higher short-term interest rates than at any time since 1986, despite the easing of rates over the past week. This rise in rates has happened at precisely the time when a new government appears determined to cut the bloated public sector and when parliament may be too weak to oppose such reform.

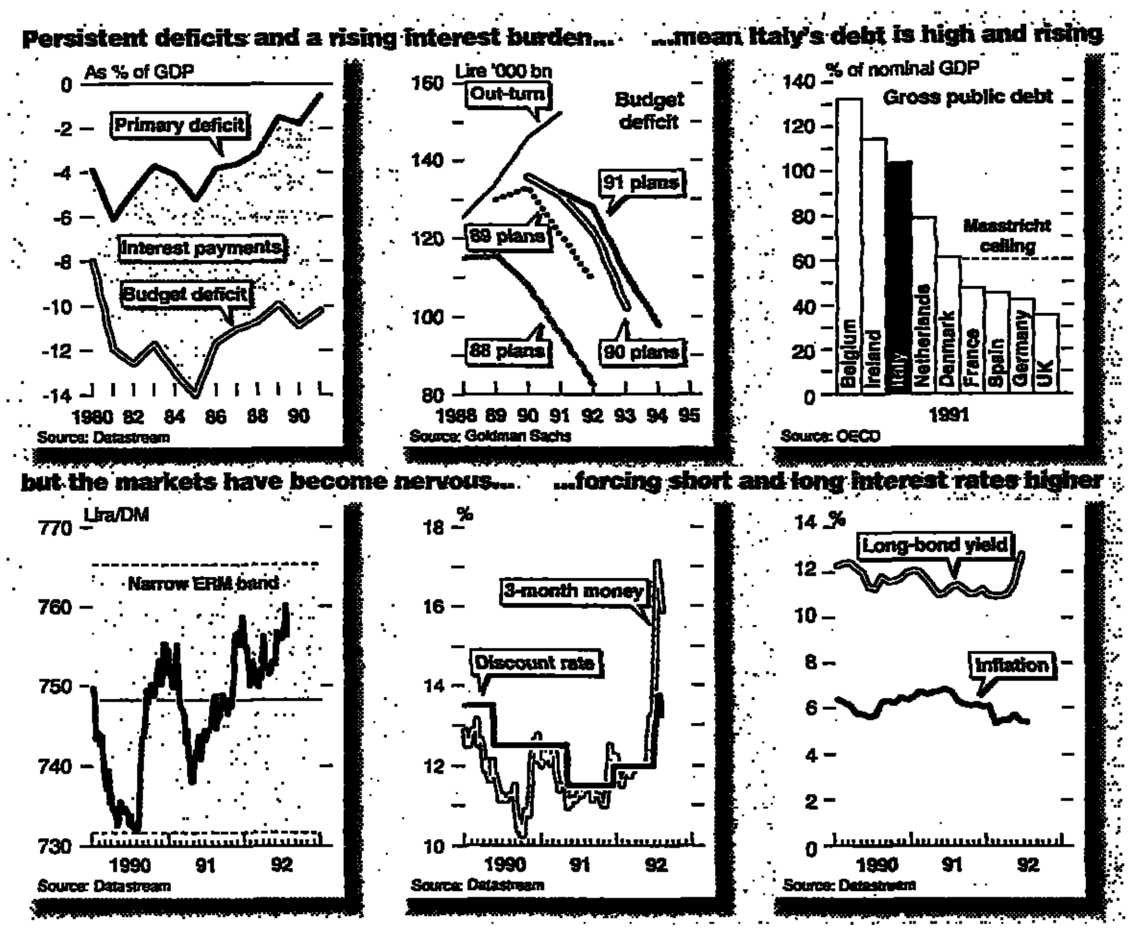
"We are paying the price in high interest rates for past inaction at the very moment when we have a government prepared to do something," argues Dr Fabrizio Saccomanni, head of the Bank of Italy's foreign department.

In addition to its emergency package, the government has started to tackle the public sector. Privatisation remains a long-term goal, but transforming the four large nationalised concerns to joint stock companies under Treasury control is a necessary first step. The abolition of the system of indexing wages to the inflation rate, the *scala mobile*, confirms that both employers and trade unions recognise the need for change.

But for all its tough talk, the Amato government has yet to prove decisively that it has broken with Italy's dismal tradition of overborrowing. Successive governments, unable to cut spending or raise taxes, have closed the budget through borrowing and inflation. Repeated attempts to cut the budget deficit have been sabotaged in parliament. This year's package has avoided that fate, but is too small to stabilise Italy's rapidly expanding government debt, let alone set it on a downward path.

The package contains largely temporary measures while leaving important areas such as Italy's generous pension system virtually untouched. Despite its L30,000bn of cuts, it will leave the deficit some L30,000bn higher than was originally envisaged for 1992.

So Italy's public debt will remain high. At a little over 100 per cent of gross domestic product it places a heavy burden on the budget and causes severe problems. The larger the debt, the greater the interest payments. The Italian Treasury expects the primary budget deficit, which excludes interest payments, to show a small surplus of L8,000bn this year. But interest payment on past debt will amount to L171,000bn, converting this small surplus into a budget deficit of 10.8 per cent of GDP.



Therefore, the government's fiscal strategy is still vulnerable to the mood of the market. The recent rise in short-term interest rates is having a devastating effect on the budget deficit: 28 per cent of the government's debt is financed by three-month Treasury bills. The Treasury forecasts assume average short-term rates of 13.5 per cent this year. Every percentage point on short-term rates increases debt interest by a further L15,000bn. Short-term rates eased slightly to close yesterday at 15.7 per cent.

The financial markets had been losing patience with successive governments before Mr Amato took office. They have been stepping up demands for higher interest rates as the price of investing in Italian government debt and because they feared a government might devalue the lira and pursue an inflationary economic course.

Until the Danish referendum rejected the Maastricht Treaty on European Union, with its austere limits on budget deficits, Italy's politicians appeared to have an incentive to control public spending. Since the ratification of Maastricht now appears in doubt, the markets suspect that Italy's politicians may not be willing to undertake the tough measures needed, under the convergence criteria of the treaty, to bring the economy into line with the rest of the EC.

The rise in interest rates since the Danes voted no is more than offsetting the impact of the government's emergency package. Perversely, the higher the Bank of Italy pushes up interest rates to persuade investors that the government will use spending cuts rather than inflation and devaluation to fund the deficit, the larger the fiscal adjustment needed to stabilise the debt, and the more nervous the markets become.

For interest rates to fall decisively, the markets must believe that the government is getting the budget under control. "There is a risk that the package will not be seen as a strong signal," says Dr Stefano Micossi, research director at Confindustria, the employers' association. Mr Stefano Patriaca, economics director at CGIL, the largest trade union, agrees. "You cannot simply touch things up. You have to go to the heart of the problem and close the deficit."

Treasury officials reject the criticism that they are going too slowly. The government promises its public sector reforms will be placed before parliament in early September. "We have spent the last 10 years worrying about the next six months," argues Mr Franceso Giavazzi, its chief economist. "In the past, we have introduced temporary measures which never deal with the source of the problem."

In an effort to prevent parliament thwarting its structural reforms, the government intends to bring in next year's budget without the customary detailed discussions. It will ask parliament only to agree the budget's broad principles, leaving it to work out the details. The aim is to reduce the budget deficit from 10.8 per cent of GDP this year to 10.2 per cent next year, and 8.3 per cent in 1994.

The government needs to persuade parliament to accept next year's budget plans in early September, to convince investors that it is serious about tackling the budget deficit and thus to encourage them to accept lower interest rates. For now the government has little option but to bear the pain of high rates.

A devaluation now, before the 1993 budget package has parliamentary approval, would spell disaster. A weaker government would be sorely tempted to turn to direct monetary creation by selling debt to the central bank. This would lead to a loss of confidence, devaluation and possible hyperinflation soon afterwards. Both the government and the Bank of Italy say they are committed to maintaining the lira within its current ERM bands. "The immediate impact of devaluation would be a loss of credibility," says Mr Saccomanni. The Treasury agrees. "Now it would be the worst possible thing that could happen to the budget."

Yet were the Amato government to be defeated in parliament through a vote of no-confidence, and to step down, a devaluation would probably be inevitable. "We are close to the end of the line," says Mr Giavazzi of the Treasury. "If things do not go through parliament then the next thing that happens is a really big financial crisis."

Amato plays the chaos card

Robert Graham on the coalition's prospect for success

Mr Giuliano Amato's strongest card in his efforts to end Italy's political inertia remains the dramatic prospect of Italy tumbling into chaos if his government fails. In less than a month, Mr Amato has created a far wider margin for manoeuvre than anyone thought possible for his four-party coalition of Christian Democrats, Socialists, Social Democrats and Liberals.

By exposing Italy's financial plight, he has established a consensus for action. This was demonstrated by the way Mr Amato has managed in record time to force through a L30,000bn (£13.96bn) emergency economic package even though his coalition has a mere 16-seat majority in the chamber of deputies.

The second card up his sleeve is the reluctance of the parties to face early elections. The parties are divided, discredited and have no money, while the electoral system is in need of reform.

Yet the resignation last week of Mr Enzo Scotti, the foreign minister, was an uncomfortable reminder to Mr Amato that Italian politicians have little sense of state. This was not a case of a minister resigning over a disagreement on policy. It was entirely related to the internecine battles within the Christian Democratic party.

The party has been in turmoil since the April 5 general elections, which saw its vote total fall sharply. Its traditional personal feuds have been heightened by confusion over how it should reshape itself in the post-communist era.

Mr Scotti resigned because he refused to obey a controversial new rule that cabinet members must resign their parliamentary seats. He opted to return to his seat in parliament and will probably throw his hat into the contest for the key post of party secretary.

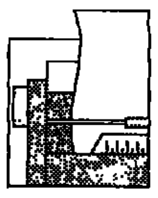
The turbulence inside the party could derail the entire government since it remains by far the largest party and has brokered power throughout the post-war era.

Yet the 54-year-old prime minister's skilful negotiating ability and his good cross-party contacts should not be underestimated. The parties appear to recognise that Mr Amato has opened the flood-gates to change. The real issue has become whether the Amato government can manage such change or be overwhelmed by it.

PERSONAL VIEW

A high-price market

By David Sawers



Some of the evidence that prices of many products are higher in the UK than in the US and other European countries has recently been discussed in the Financial Times.

The OECD's purchasing-power parity exchange rates confirm that only some goods – notably cars and electrical equipment – are relatively expensive in the UK. This raises the suspicion that special rather than general features of the British market may explain the high prices. One of these factors might be agreements among suppliers to restrict competition. But, as was shown by a recent investigation by the British Office of Fair Trading (OFT) into the price of compact discs, the OFT lacks the legal powers to find out whether such agreements exist.

Legislation to give the OFT such powers was proposed in a white paper in 1989, but the Conservative government has not considered this reform important enough to be included in its legislative programme – even though it was promised in its election manifesto. The weaknesses of UK competition policy extend beyond the powers of the OFT. The Monopolies and Mergers Commission (MMC), the main investigatory body under the existing law, has proved to be ineffective when faced with well-defended monopolies.

The most necessary reform is to give the OFT power to investigate whether restrictive practices exist – for example, by raiding the offices of companies to remove files which might contain incriminating evidence. The OFT presently has to rely on information that is publicly available or is volunteered by companies it investigates. Not surprisingly, these sources do not reveal whether companies operate a cartel or just price leadership.

The second reform needed, but one not proposed in the white paper or the election manifesto, would be to create a more effective body than the MMC.

The MMC can at best be described as unprofessional and at worst incompetent. It suffers from the fundamental defect that decisions are made by part-time commissioners, while its research is done by the full-time staff. This separation between investigators and decision-takers reduces the effectiveness of the investigations. The MMC findings also suffer from the rigid legalistic approach with which they are conducted, and by their division between studies by the staff and hearings conducted by the commissioners. The commissioners may be more influenced by what they hear from the witnesses representing the companies being investigated, than by the evidence collected by their staff. The subjects of the investigation are often surprised by the ease with which the MMC accepts their arguments.

A depressing aura of mediocrity hangs over the MMC and its staff. Neither businessmen nor civil servants regard it as a desirable posting, so the quality of both commissioners and staff suffers.

The first weakness would be rectified by the the proposals in the white paper which would bring the treatment of restrictive practices within the UK into line with that in the European Community. But the changes should be supplemented by the creation of an agency to take over the work of the MMC.

The reform might be best achieved by enlarging the OFT to form a UK equivalent of the German Cartel Office. Like the Cartel Office, the UK counterpart should be staffed by lawyers, economists and others with experience of industry who can devote all their time to their job, and who are therefore better placed to take informed judgments than the part-time members of the MMC.

As in Germany, there should be the right of appeal from this new body to the courts; but unlike Germany there should be no provision for ministers to override its decisions. Competition policy should be based on economic principles and decisions taken by a quasi-judicial process. Political intervention will reduce confidence in the impartiality and consistency of the decisions.

Mr Michael Heseltine, the UK minister responsible for competition policy, appears not to rank an effective competition highly among his priorities. But he may change his mind when he learns more about British industry. Excessive competition has not been cited an an explanation of poor performance in British industry. Indeed the improvement in British performance in the 1980s seems closely related to the more intense competition of those Thatcher years.

Comparison with far eastern countries such as Japan and Hong Kong show that domestic competition is much more intense than in the UK, and is one of the more plausible explanations for these countries' rapid growth. Many manufactured consumer goods are cheaper in the Far East, and the US, than they are in the UK. Mr Heseltine should consider whether he is happy that the UK should be a high-price economy, or whether he would prefer to attack this culture by launching a more effective competition policy.

The author is an economic consultant

The British government is facing pressure to limit public sector salary increases, say **Michael Smith** and **Peter Norman**

Heat is turned up on debate over pay freeze

The UK government appears increasingly like an embattled fire-fighter as it fends off critics of its economic policy.

For much of last week it was pouring cold water on advice for it either to devalue sterling in the European exchange rate mechanism or quit the system altogether. Now it is having to turn its hoses on suggestions that it freeze public sector pay or at least peg it to inflation.

Such ideas – which could affect up to 5.1m employees of central government, local authorities and nationalised industry – have suddenly gained a powerful head of steam.

Last week, Mr Howard Davies, the newly appointed director general of the Confederation of British Industry, set the ball rolling by proposing that public sector pay should bear the brunt of the government's efforts to hold its 1993-94 public expenditure planning total at the £244.5bn level agreed last November. Pleading for the government to channel resources into investment and infrastructure he said: "The government pay bill should not increase at all in cash terms. Any increases in rates of pay should be financed through improvements in efficiency or reductions in government activity."

At the weekend, another recent appointee, Mr John Townend, chairman of the Conservative finance committee, suggested a public sector pay freeze and cutting £500m from overseas aid to activate the housing market and bring on economic recovery.

By yesterday, the bandwagon was running sufficiently strongly for Downing Street to have to deny reports that Mr John Major was planning to veto public sector pay increases higher than the rate of inflation.

At first glance, the idea of limiting public sector pay has certain attractions. The government's finances are under serious pressure with the public sector borrowing requirement expected to exceed its £28bn target for this financial year. Such a move might also mollify Britain's increasingly worried business community by showing that the government is prepared to add teeth to its counter-inflation policy and shoulder some of the burden of maintaining sterling's ERM parity of DM2.95.

But pay determination in the public sector is no easy matter. Different categories of workers have differently structured arrangements and bargaining procedures. Also, the Treasury, which negotiates with public sector unions, is guided primarily by a need to recruit, retain and motivate suitable staff. Heavy-handed intervention in public sector pay would jeopardise its efforts to put greater emphasis on performance pay and greater flexibility within centrally agreed pay settlements.

The continuing recession is sapping the militancy of the public service trade unions

Any attempt to keep pay rises to below inflation would probably mean clashes between the government on the one hand, and the public sector trade unions representing more than 3m public sector workers and the review bodies that recommend pay levels for a further 1.5m on the other. Pay freezes would make conflict inevitable, with a possibility of industrial action.

However, any confrontation would be unlikely before next year. The public sector pay round for 1992-93 is virtually complete. The first test of any new government resolve would be in January next year when ministers decide on the recommendations of the review bodies covering the armed forces, teachers, senior civil servants, nurses and doctors and dentists, all of which are due for implementation in April.

At present, expectations of public sector pay increases in 1993-94 are running well ahead of the 3 per cent inflation rate that the government is now thought to expect during that financial year. The Public Finance Foundation, a research arm of the Chartered Institute of Public Finance & Accountancy, expects a review body recommendation of 5.25 per cent for teachers in 1993-94 and 5 per cent for armed forces personnel against a likely outturn of 4.75 per cent for all public sector workers.

In recent years, workers covered by the review bodies have fared considerably better than the majority of civil servants and local government workers, whose pay is determined by collective bargaining. There is, however, nothing to stop the government ignoring the recommendations of the review bodies, as it demonstrated last month when it cut pay rises of up to 24 per cent suggested by the Review Body on Top Salaries to 4 per cent.

But that decision was highly unusual and thought to have infuriated the review body panel which made the recommendations. In the event, panel members did not make their displeasure public; nor did any resign from the panel. However, if the government were repeatedly to ignore the recommendations of review bodies, panels would increasingly question their role. Resignations and open criticism would doubtless ensue, bringing the review body system into disrepute.

Confrontation with the broad mass of the government's employees would be messier still. A pay freeze for the police, firefighters and the majority of civil servants would involve the government in breaking long-standing agreements with these groups of workers.

Police pay increases have been linked to the rise in average earnings in the economy for nearly 15 years. The government has already placed this system under review, causing rumblings of discontent among the police.

Union leaders representing firefighters have frequently threatened industrial action in defence of their pay formula which links fire pay rises with the highest quarter of manual male earnings in the economy.

On the other hand, the continuing recession is sapping the militancy of the public service trades unions. This summer, leaders of the National Union of Civil and Public Servants were rebuffed by their 114,000 members when they urged them to strike over a 4.5 per cent pay offer.

It is clear, however, that public sector pay has become a major preoccupation of ministers as they struggle to find ways of keeping their spending within the targets set for the coming financial year. The sheer size of the overall paybill, which in 1990-91, the most recent year for which figures are available, amounted to £33.7bn for central government and £32bn for local government, is a reason enough for a cash-strapped government to put pay under special scrutiny.

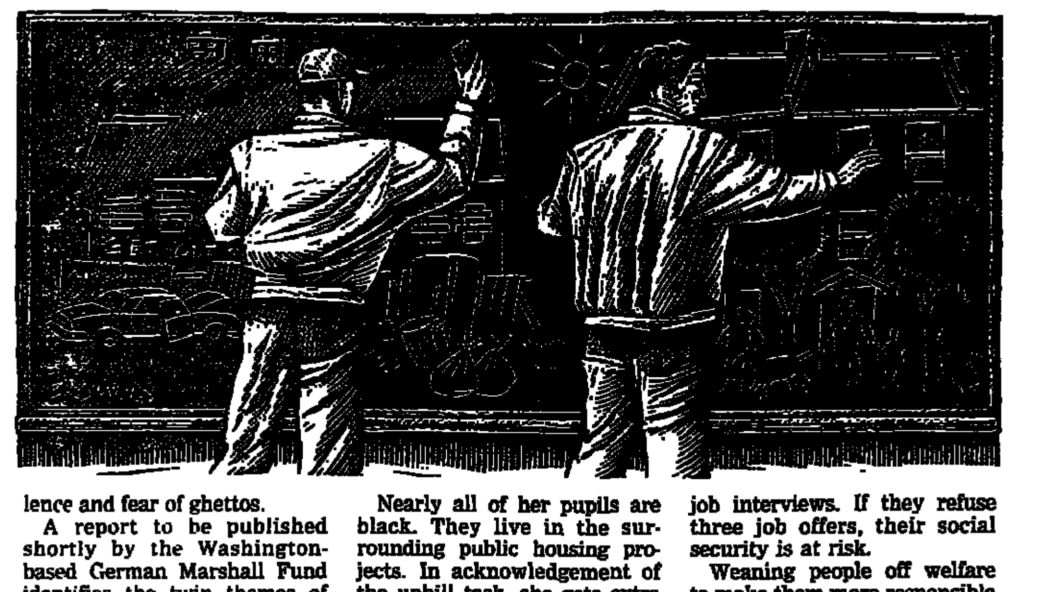
Despite the known Byzantine tendencies of Whitehall and Westminister, there is no reason to doubt that Downing Street's denials of a prime ministerial veto over pay are genuine. But the government will be determined to keep the future increases in public sector pay bills as low as possible – and the mere floating of the pay freeze idea has served notice on Treasury, review bodies and unions to prepare for an extra-tough pay round between now and next spring.

Public sector pay rises: keeping ahead of inflation

Source: Public Finance Foundation

The community revisited

Hazel Duffy examines shifting strategies in urban regeneration



When Mrs Gwendolyn Mayfield took over as principal of Fowler Elementary school eight years ago, few parents ever came into the school. In this poor part of Atlanta, schools are regarded as institutions and therefore not to be trusted. Gradually she coaxed some of them to cross the threshold, even to attend classes to learn the skills of being a parent.

Mrs Mayfield's efforts are part of an approach being used increasingly in urban regeneration in the US and in Europe. Emphasis is being placed firmly on recreating a sense of community in inner-city areas, rather than just pumping in extra resources.

Community empowerment – or community development as the specialists prefer to call it – is thought by many to be the strongest weapon in the efforts of public and private sector groups to combat poverty and crime.

There is nothing new about the idea of community. John Gardner, a pioneer of the community-building movement in the US, traces the strong sense of shared values which existed in the past to the ties that people had to each other in their villages back in Europe.

In the poorest areas, however, that sense of community has gone. "They are torn by everything from momentary political battles to deep and complex ethnic rifts. Separate worlds live side by side but fail to communicate or understand one another," says Gardner.

The Los Angeles riots demonstrated the dangers arising from such bleak, separate worlds. Other American and, increasingly, European cities know that it could be their turn next. The familiar litany of American inner-city problems – one-parent families, high unemployment, poor housing – is repeated in many European cities. The educational and social problems stemming from the growth in racial minorities in many cities accentuate the difficulties.

Indebted, and therefore constrained in effecting change in their own right, American city governments are turning increasingly to the big corporations, voluntary groups, parents and schools to help build some sense of community which has been lost in the violence and fear of ghettos.

A report to be published shortly by the Washington-based German Marshall Fund identifies the twin themes of community and schools as potentially the most powerful action points in the inner cities struggle. The report takes six cities, three in Europe – Glasgow, Rotterdam, Frankfurt – and three in North America – Toronto, Chicago and Atlanta.

The cities reflect different cultures, levels of prosperity, racial mix, and degrees of governmental and business support in dealing with their problems. But each city has ideas of relevance to others.

The principals of two elementary schools – one in Rotterdam, the other in Atlanta – demonstrate, for instance, how much greater is the task of teaching children from disadvantaged backgrounds.

Rene Vissesser, head of De Vlam School, has 175 pupils spanning 15 nationalities. Some of his teachers have to cope with half a dozen different languages and customs although the government wants all subjects to be taught in Dutch.

Mr Vissesser wants to get parents more involved in the school and to make it a place where they can talk about the problems of adapting to Dutch society. His first venture will be to open a restaurant as a non-profit-making subsidiary to encourage parents to come into school after hours.

Gwendolyn Mayfield in Atlanta has used similar tactics. Spaghetti suppers, talent contests and parents' days which offer trinkets as an incentive to attend, are all part of the inducements.

Nearly all of her pupils are black. They live in the surrounding public housing projects. In acknowledgement of the uphill task, she gets extra staff and equipment, access to special teaching programmes for her staff and volunteers who work as mentors with many of her pupils.

The help comes from government, Atlanta-based corporations such as Coca-Cola, Bell South and IBM, and the prestigious Georgia Institute of Technology across the street.

The plight of Atlanta's poor has been taken up in the past few months by former president Jimmy Carter under the banner of the Atlanta Project. The project unit plans to co-ordinate the provision of social services with the diverse voluntary and business resources in the city, targeting neighbourhoods in need. The plan again focuses on schools as the focal point of organisation in each neighbourhood – elementary and middle schools form a cluster with the high school at the centre.

Beyond the education system, the Dutch approach to building community is a mix of carrot and stick. The 17 per cent unemployment rate in Rotterdam has prompted the city to experiment with schemes to get even the most unlikely job prospects back into work, as assistant caretakers, additional street cleaners, and so on. Without work, it is hard to foster a sense of being useful to the community.

Young unemployed people on training courses are closely tracked to make sure that they attend and follow through with job interviews. If they refuse three job offers, their social security is at risk.

Weaning people off welfare to make them more responsible for the way they live, and to impart a greater sense of community into the areas where they live, is encapsulated in the Social Innovation programme piloted by Rotterdam city council and now taken up in other Dutch cities.

"Where governments have failed, there is much merit in giving the reins back to people," says Gerard Klein, director of the Rotterdam Social Innovation unit. Giving schools over to parents and the streets to their residents makes them more responsible. He thinks that there has been too much talk in the past about peoples' rights, and not enough about their duties.

This may sound like the radical right. But Rotterdam's city government is Social Democrat, and it deliberately invited leading members from the opposition to take part in its social planning exercise in order to get broad backing.

Community development is a long haul and the ground is infertile. To sustain community, leadership has to be identified. Community workers – voluntary and professional – must be trained to run the organisations. Leaders of urban schemes say this is where business can help.

They also emphasise that commitment must come from companies, schools and higher academic institutions to nurture the grassroots initiatives coming out of communities. Such initiatives might then turn out to be a rare bright spot in the cities of the 1990s.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Earth Summit sceptics miss the point

From Mr Eric Orts.

Sir, The prevailing dismissals of the Earth Summit, reconfirmed by David Lascelles ("Hot air in Rio sows green seed", Business and the Environment, July 29) disserve the business readership.

The summit's most lasting achievements are not the biodiversity and global climate treaties, but agreements on foundational principles to guide future international environmental initiatives.

Sceptics ignore two documents establishing these principles: the Rio declaration and Agenda 21.

Notably, Agenda 21, a consensus statement of more than 500 pages, emphasises the "crucial" role business must play in attaining "sustainable development". (The suggestion that sustainable development is "a flawed concept, if not an actual contradiction in terms" itself assumes a contradiction: the long-term viability of non-sustainable development.)

Environmental concerns are no passing fancy (witness Senator Al Gore's selection as US vice-presidential nominee).

Instead of simply listening complacently to reports of weak treaties, while remaining deaf to an increasing volume of evidence which indicates a global consensus on the urgency of environmental issues, prudent businesses should instead adopt appropriate, well-considered, proactive environmental policies, in advance of fast-changing national and international regulatory regimes.

Those businesses that do not adapt are likely to find themselves quickly disadvantaged in competition with other companies ahead of the game (for example members of the Business Council for Sustainable Development).

The inevitability of growing environmental controls, coupled with increasing consumer demand for environmentally friendly products and production, renders exclusive focus on short-term financial costs of new environmental regulation anachronistic.

Agenda 21 directs business to join affirmatively with government, academia and international organisations to provide flexible, workable solutions to environmental issues that do not, in the end, only affect someone else, but instead affect us all. Business should heed the call.

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A different perspective on Cyprus

From Mr Homer Habibis.

Sir, Berin Lewis ("Turkish Cypriots suffered", Letters, July 22) does injustice to the concept and to the substance of your leading article of July 16 ("They must be stopped").

Turkey invaded Cyprus in 1974, when the Cyprus government had been overthrown by a coup which was stage-managed from Greece; 200,000 members of the Greek Cypriot majority community were expelled by the invaders from the occupied area in a blatant act of state-sponsored "ethnic cleansing".

Your editorial is supported by the formal findings of the Council of Europe's Commission of Human Rights, published on April 2 1992. (Report on Application No. 8007/77 Cyprus against Turkey.)

Neither during the intercommunal incidents of 1963-64, nor in the period before the 1974 invasion, was there any state-sponsored cleansing or killing of Turkish Cypriots in Cyprus. The UN peacekeeping force, on the spot since early 1964, can provide independent testimony exposing the falsehood of your correspondent's claim.

On the other hand, it is on historical record that Turkish air force planes bombed Cypriot Greek villages in 1964; that the Cyprus government offered economic incentives to Turkish Cypriots to return to their native villages; and that from 1968 to 1973, Turkish Cypriot leaders took part in intercommunal talks with Greek Cypriots for a negotiated agreement.

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Single measures cannot rescue British industry

From Siripurapu K Rao.

Sir, Edward Balls ("Too lean for a long life", July 27) puts his finger on the most worrying aspect of the current economic situation in Britain when he says that, even in the depths of the recession, current account is in deficit by nearly 2 per cent of the GDP.

The intention to continue within the ERM at the present exchange rate is damaging to industry. Edward Balls clearly sees devaluation as the answer.

I agree that devaluation is necessary. I do not believe, however, that there is any one simple measure that will be sufficient.

What is needed instead is a package of policy. I see three elements to it:

- a devaluation by, say, 15-20 per cent within the ERM framework;
- a sharper reduction in public spending as a proportion of GDP than is currently intended;
- and increased public spending and improved incentives, within the diminished total public expenditure, in support of investment in manufacturing, and training.

While a devaluation would be inflationary, a realistic adjustment of the exchange rate, coupled with a commitment to stay within the ERM, should help to improve confidence which is fast evaporating.

Such action may accordingly prove less damaging to interest rate prospects than might have been feared.

At the same time, a declared intention to reduce public spending in the medium term (as the government has done, but needs to go further) would help to undermine inflationary pressures, and improve prospects for cuts in interest rates.

Finally, a reordering of priorities in public spending, within a diminished total in favour of manufacturing and training, need not be at the expense of health, education or the necessary welfare expenditures.

In the wake of reduced east-west tensions, there is an obvious opportunity for it through even more aggressive cutbacks in defence expenditure than the government has been prepared for so far.

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Catalan flags fluttering in Olympic city make a passionate point

From Ms Elisabeth Miró.

Sir, I refer to Peter Bruce's article "Catalan socialists and nationalists play games with the Games" (July 24). While I respect and applaud a diversity of opinions about the economic and political reality of Catalonia, and recognise that it must be difficult for a person outside Catalonia fully to understand the feelings of people who were born or who live and work here, I must take issue with parts of Mr Bruce's article.

When he states that Catalonia is a "small, semi-industrialised region on the margins of Europe", he is ignoring economic statistics (Catalonia's gross domestic product in 1991 stood at 102.28 per cent of the EC average), and permitting prejudices to influence his definition of marginal. Many other political and economic observers are, on the contrary, naming Barcelona, Catalonia's capital, as the capital of the Mediterranean.

When he refers mistakenly to "poor Madrid" as having had to fund half of the Olympic housing, etc, may I remind Mr Bruce that Catalonia has always been a net payer of taxes to the Spanish state and is merely receiving now public investment that should have been undertaken years ago. Mr Bruce warns that an "occasional youth wearing 'Free Catalonia' on his T-Shirt" might throw himself in front of the cameras. I suggest that Mr Bruce should visit Barcelona and count the Catalan flags hung from balconies. He may conclude that not only an occasional extremist youth feels Catalonia is his country, but the majority of the population.

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OBSERVER

A labour safe seat

■ The speculation about the future of Norman Willis, the 59-year-old general secretary of the Trades Union Congress, is bound to raise a few wry smiles.

While the current recession has seen a record number of trade unionists losing their jobs, and quite a few company chairmen who failed to perform have been forced to walk the plank, the job of running the TUC seems to have been one of the safer occupations around.

Certainly, the TUC is conscious that it needs to improve its image as a national institution. The Conservative and Labour parties and the CBI have all changed their leaders recently and are hoping that some fresh young faces will improve their public image. So why not the TUC?

Norman Willis has been doing his job since 1984 – longer than most company chairmen. If he stays until retirement, he has another six years to go, and will have done the job longer than any of his predecessors, save Walter Citrine. However, even if Willis were to step down early, it is highly unlikely that he would be replaced by anyone more exciting than another TUC official, and on present form 45-year-old John Monks, the deputy general secretary, is the favourite.

The idea that a woman might get the job – ex-print union boss Brenda Dean's name has been mentioned – is rather exciting, but that is equally unlikely. Ever since Citrine took the job in 1925, the general secretary has been recruited from within the TUC.

Norman Willis himself was a relative newcomer. He spent his first 25 years with the TGWU, the transport workers' union. However, he worked at the TUC for a decade before getting the top job. Despite its well publicised problems, it would be surprising if the TUC broke with tradition now.

Heart burn

■ If it takes six hours for an eminent National Health Service heart surgeon to perform one heart operation a day during the week, how many can he do on a Saturday, when he's working for himself with a production line team?

On a good day – eight.

Female takeover

■ Italy's banks are famous for many things, but sex changes are not one of them. Not, at least, until the beginning of this month, when the three-way merger of Rome's big banks created Banca di Roma – the country's largest financial institution.

The new group is a mixed bag of male and female institutions. Banco di Santo Spirito is a venerable gentleman of Italian finance. The Cassa di Risparmio di Roma, the city's savings bank, whose managing director Cesare Geronzi is very much in the driving seat, is a big earner, but virtually unknown. Meanwhile, Banco di Roma is one of Italy's most international, if least profitable, banks.

Adopting the latter's name allowed for instant recognition in Italy and abroad, says Geronzi, a former Bank of Italy whizz. But the change of sex from the Banco to Banca (the normal gender for banks) will give the new company a more contemporary image, he claims.

Whatever the gender, Geronzi, who is chief executive of the new bank, crowned its first day with a prize catch;

Guido Carli, Italy's former treasury minister and Geronzi's one-time boss as governor of the Bank of Italy, is to be its special consultant for international finance and foreign affairs.

Good to know that 78-year-old Carli's failure to win a Senate seat at April's general elections has not dented the enthusiasm for public service of one of Europe's best-known financial statesmen.

Searching

■ What price Companies House? Now that the annual report of the government's central corporate information service is in the public domain it is worth doing a few sums to see what Board of Trade President Michael Heseltine might get if he decides to privatise the 1,150-strong executive agency.

Valuing it at 15 times the operating surplus, for example, would make it worth £23.5m, which is virtually identical to the value of the fixed assets. However, no attempt has been made to value its huge historical database on all public and private companies. This is what makes Companies House such a plum asset for the right sort of buyer.

However, Dun & Bradstreet, one of the obvious contenders, says, appropriately enough, that it needs more information before expressing an opinion.

If it wastes too much time searching for information it might miss its prize.

All in a name

■ Chung Ju-yung, founder of the Hyundai industrial empire and a candidate in this year's South Korean presidential election, does not want foreigners to think he is mooning around. So he has changed the English name of his political party from the Unification National Party (a faithful translation from the Korean) after advisers suggested that foreigners might confuse it with the controversial Unification Church, alias the Moonies.

The new name is not without problems, however. The United People's Party sounds as if it belongs in Stalinist North Korea and seems inappropriate for an organisation led by a businessman with a personal fortune estimated at $3bn.

But perhaps it is not so wide of the mark. After all, it was Chung who pioneered trade ties with Pyongyang and recently broke a political taboo by suggesting that South Korea's underground Communist party should be legalised.

Kiss of the spider

■ Sign of the repossessionary times. A solicitor in Leeds reports that he has just done the conveyancing for a house called Cobwebs, which is short for Currently Owned By Woolwich Equitable Building Society.

FINANCIAL TIMES
Tuesday August 4 1992

President forced to disown senior aide's savage attack on Clinton

Disarray deepens in Bush camp

By Jurek Martin in Washington

THE DISARRAY in President George Bush's re-election campaign deepened yesterday as he was forced to disown a senior aide's savage, personal attack on Mr Bill Clinton, the Democratic presidential nominee.

A White House spokeswoman, travelling with the president in Georgia, said Mr Bush was "very upset" that Ms Mary Matalin, his political director, had released a venomously worded document on Sunday which virtually accused Mr Clinton of marital infidelity, among other sins. Ms Matalin had apologised to Mr Bush for having overstepped the mark, the spokeswoman said.

Ms Matalin herself issued a statement that was barely an apology at all. She merely regretted possibly leaving the impression that she had violated Mr Bush's proscription on personal attacks, but added that she stood by her criticism of Mr Clinton for "unprecedented hypocrisy" and for disparaging "in the most egregious and personal terms the president of the United States".

Until yesterday, it had appeared that Mr Bush's previously confused campaign was finally beginning to take shape, with the president adopting a relatively high road, attacking Mr Clinton only on policy issues, while his surrogates went for the personal jugular.

Ms Matalin had been joined in this task by Mr Marlin Fitzwater, the White House press secretary. However, Mr Bush's disavowal of their unrestrained approach may be no more than a temporary tactical retreat. It is still expected that the presidential campaign will get dirty again in the three months to go before election day.

The particular bone of contention was a "news release" issued by Ms Matalin in the form of a series of questions for Mr Clinton.

The last question read: "Which campaign had to spend thousands of taxpayer dollars on private investigators to fend off bimbo eruptions?" This was a reference to a newspaper report that Mr Clinton had brought back a former assistant to check the stream of allegations purportedly being peddled to the tabloid press from women claiming to have had affairs with him.

Another passage ran: "We respectfully request you and your fellow Democrat snivelling hypocrites read our lips; shut up and sit down so we can get back to more highlights of the Clinton record." Mr Fitzwater's principal target has been Senator Al Gore, Mr Clinton's running-mate, describing him as "Mr Sell-out America" for having criticised the president's performance at the Rio environmental summit.

Then last week another spokesman commented on the fact that Mr Gore and his family had taken counselling after their son was nearly killed in a car accident by saying: "Real men don't get on the couch."

How the low road plays with the electorate is anyone's guess. It is possible that Americans are now more concerned with improving their own lives than with revelations about another "smoking bimbo", but if Mr Bush continues to trail badly in the polls, it is hard to believe his campaign will not resuscitate the "character" issue.

Deal agreed over Black Sea fleet

By Leyla Boulton in Yalta

UKRAINE and Russia yesterday decided to postpone a carve-up of the Black Sea fleet until 1995, ending at least temporarily a dispute which had threatened the peace between the republics.

The decision by President Boris Yeltsin of Russia and President Leonid Kravchuk to share the fleet and its land facilities under a united command answerable to both leaders follows negotiators' failure to make headway implementing a two-month-old presidential agreement to divide it up.

The move may be interpreted as a climbdown by Ukraine, which has been keen to create its own navy quickly. But the decision provides a breathing space for both men whose people, worn down by economic hardship, are tired of the republics bickering.

The difficulties of achieving a smooth division of the fleet was highlighted last month by the "defection" of a coastal defence vessel to Ukraine, which raised tension between the two neighbours and within the fleet itself.

The irony is that the fleet itself, although the size of the British navy, has no real strategic significance and costs more money to maintain than either Russia or Ukraine can afford.

The two leaders, who said they had set up a telephone hotline to deal with future flashpoints, also agreed to allow visa-free travel between their republics and to share out former Soviet embassies and other property abroad.

They plan soon to sign a friendship treaty which will be accompanied by agreements on oil, sugar and grain.

Presidents Boris Yeltsin (left) and Leonid Kravchuk exchange agreements after yesterday's Yalta meeting when they reached a deal to postpone the break-up of the Black Sea fleet

The deal was struck at an exclusive dacha half way between Yalta, where the fate of postwar Europe was decided, and Sebastopol, home to the disputed fleet. The dacha was used by Andrei Gromyko, the foreign minister who dominated much of post-war Soviet diplomacy and near the house where former Soviet president Mikhail Gorbachev stayed during an abortive coup last year.

John LLoyd writes from Moscow: A row has broken out inside the Russian government, and between the administration and central bank, over the issuing of a further Rbs1,000bn of credit by the central bank to prop up large state companies struggling under massive debt. Mr Pyotr Fillipov, chairman of the parliamentary sub-committee for privatisation, said this would "push the country to the edge of a horrendous economic crisis".

US and Iraq step up war of nerves

By Roger Matthews, Middle East Editor

THE US and Iraq continued their war of political gestures yesterday with American marines preparing to land on the beaches of Kuwait and Baghdad vowing never to renounce its claim to the tiny neighbouring country it invaded two years ago.

Iraqi president Saddam Hussein, bolstered by his success in delaying the entry of UN inspectors to the agriculture ministry in Baghdad, is again trying to portray himself as the only Arab leader willing to confront the US.

Yesterday, Baghdad newspapers repeated that Kuwait was Iraq's 19th province and that the invasion on August 2 1990 was "the greatest historic epic in the contemporary history of Iraq". They insisted that one day the province of Kuwait would be returned to its rightful owners.

The US response has been to bring forward planned manoeuvres with Kuwaiti troops and to send more Patriot missiles to Kuwait to defend against possible Iraqi Scud missile attacks.

However, western diplomats do not expect Mr Saddam to take military action against Kuwait, though he is continuing to root out pockets of dissent among the mainly Shia population in the south of Iraq.

Up to 1,900 US marines and some 5,000 other troops will be participating in the manoeuvres, which will continue throughout August. Kuwait has been slowly rebuilding its armed forces but, given the available personnel, officials accept the country's defence will remain in US hands for the foreseeable future.

An opposition newspaper in Kuwait accused the government yesterday of confusing the public by failing to explain the arrival of US troops. It said the additional missiles and the troop deployment had raised fears about a second Iraqi invasion rather than providing intended reassurance.

The anniversary of the invasion also served as a reminder of the estimated 800 Kuwaitis who are still being held in Iraq. In several countries Kuwaiti embassies placed advertisements in newspapers highlighting the plight of these people.

In Tehran, hundreds of Iraqis demonstrated in support of the Shias in southern Iraq. They called on the UN Security Council to halt the "genocide" by Baghdad's forces. A UN investigator last week accused Iraq of indiscriminate bombing in the south and said large numbers had been killed.

Efforts to tighten UN sanctions against Iraq drew protests from Jordanian officials yesterday who complained that vessels approaching the port of Aqaba were being subjected to excessive delays.

Mr Tawfiq Kawar, head of Jordan's Shipping Agents Association, told Reuters that in the past 10 days four ships had been delayed for up to three days due to more rigorous inspection procedures by inspectors from western warships patrolling the Straits of Tiran.

Call to halt BA-USAir deal

Continued from Page 1

In contrast, both American Airlines and United Airlines have indicated there could be opportunities for the US airline industry if the proposed transaction led to more open skies between the US and the UK.

But Mr Robert Crandall, American Airlines chairman, said yesterday the transaction should not be approved if US airlines were denied increased access to Britain.

Mr Crandall, who has campaigned for greater access into the UK market and for rights to fly from the UK to other European cities, said the BA-USAir deal "will shape international aviation for decades to come and we must use every resource to be sure US negotiators press hard for all the changes we need to remain competitive."

Mr Stephen Wolf, the United Airlines chairman, said the BA-USAir deal could provide "the vehicle for the long-awaited expansion of US carrier access to Britain."

Britain tries to save fighter

Continued from Page 1

contribution (to the project)."

Alluding to the new Italian government's financial difficulties and attempts at cuts in spending, Mr Ando said: "If Germany has problems with costs, imagine the position of nations which aren't adrift in gold like Italy and Spain."

Since Germany's announcement, the UK has fought vigorously to persuade Spain and Italy to proceed with the aircraft as a three-nation consortium.

Last month, Mr John Major, the British prime minister, wrote to Mr Felipe Gonzalez, the Spanish prime minister, asking him to "confirm publicly" his faith in the project and a readiness to study the feasibility of production on a three-nation basis.

However, Mr Gonzalez has so far failed to do so. Instead, Spain has appeared to offer tacit support to the German proposal that the project, still in its development stage, either be adapted to build a more modest aircraft or should be replaced.

World Weather

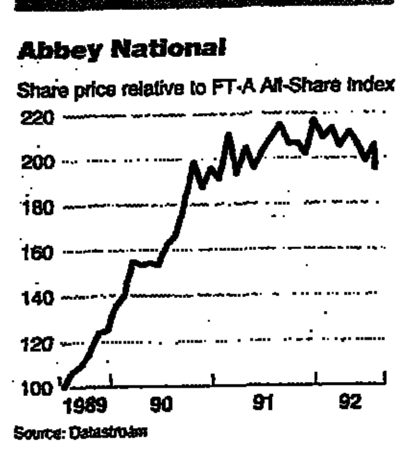
		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	29	84	Boulogne	C	19	66	Frankfurt	S	28	82	Majorca	S	33	91	Oporto	S	24	75	Tenerife	S	27	81
Algiers	S	39	102	Brussels	C	24	75	Geneva	S	30	86	Malaga	S	31	88	Oslo	F	18	64	Tokyo	F	23	73
Amsterdam	R	20	68	Budapest	S	33	91	Gibraltar	S	29	84	Malta	S	34	93	Paris	F	24	75	Toronto †	C	17	63
Athens	S	34	93	Buenos Aires	F	11	51	Glasgow	R	13	55	Manila	C	32	90	Prague	F	31	88	Tunis	S	36	97
Bahrain	S	36	97	Cairo	S	32	90	Helsinki	F	23	73	Melbourne	C	10	50	Reykjavik	C	11	52	Valencia	S	33	91
Bangkok	C	32	90	Cape Town	C	14	57	Hong Kong		-	-	Mexico City	F	22	[illegible]	Rhodes	S	27	81	Venice	S	32	90
Barcelona	F	31	88	Caracas	F	28	81	Innsbruck	S	28	82	Miami †	S	26	79	Rio de Janeiro	R	25	77	Vienna	S	33	91
Beijing	R	25	77	Casablanca †	F	24	75	Inverness	R	14	57	Milan	F	27	81	Rome	S	30	86	Warsaw	S	29	84
Beirut	S	27	81	Chicago †	F	16	61	Islamabad	F	27	81	Montreal †	F	19	66	Salzburg	S	31	88	Washington †	S	22	72
Belfast	C	16	61	Cologne	F	28	82	Istanbul	S	28	82	Moscow	F	22	72	S Francisco †	S	12	54	Zurich	S	31	88
Belgrade	S	31	88	Copenhagen	C	21	70	Jakarta	F	33	91	Munich	S	32	90	Seoul	F	30	86				
Berlin	F	31	88	Corfu	S	32	90	Johannesburg	S	16	61	Nairobi	F	20	68	Singapore	T	24	75				
Biarritz	C	24	75	Dallas †	S	21	70	Lisbon	S	31	88	Naples	F	32	90	Stockholm	F	22	72				
Bombay	F	28	82	Dublin	F	18	64	London	F	21	70	Nassau	C	33	91	Strasbourg	F	32	90				
Bordeaux	C	23	73	Dubrovnik		-	-	Los Angeles †	C	21	70	New Delhi	F	28	82	Sydney	S	16	61				
				Edinburgh	C	15	59	Luxembourg	C	25	77	New York †	F	22	72	Taipei	F	34	93				
				Faro	S	27	81	Madeira	S	24	75	Nice	S	29	84	Tangier	S	35	95				
				Florence	S	31	88	Madrid	S	30	86	Nicosia	S	28	82	Tel Aviv	S	32	90				

Temperatures at midday yesterday
† Noon GMT temperatures
C - Cloudy Dr - Drizzle
F - Fair Fg - Fog H - Hail
R - Rain S - Sunny
Sl - Sleet Sn - Snow
T - Thunder

THE LEX COLUMN

Homework at the Abbey

FT-SE Index: 2420.2 (+20.6)



Source: Datastream

Sir Christopher Tugendhat's rescue plan for the housing market looks more like a grand gesture from the politician he once was than an expert pronouncement from the mortgage lender he has now become. The plan is right to home in on the lack of liquidity in the housing market as harmful to consumer confidence. But it is otherwise so flawed that one wonders why Abbey National chose to launch it with such fanfare. It certainly did not need the distraction from a respectable set of interim results.

Suppose the government were persuaded to use income tax credits to compensate people for selling their houses at a loss. That would relieve homeowners caught in the negative equity trap, but it would cost a great deal more than the £250m which Sir Christopher suggests. While market turnover would almost certainly increase, net new demand would probably be marginal and confined to bargain hunting by first time buyers.

A more obvious advantage would accrue to lenders. With their loans effectively underwritten by the government, the quality of their assets would improve. Presumably the Abbey itself could unwind some of its first half £30m general provision against bad debts. But, even if the plight of lenders were the government's main interest in considering the scheme, it could surely find a cheaper way of helping them.

Besides, it is not remotely as if Abbey itself is in need of such assistance. Granted provisions are up 42 per cent on last year's second half, and the bank is still relying on low margin treasury business to offset the drop in its retail profits. But Abbey has done well to confine itself to a fall of 12 per cent in pre-tax profit compared with the first half of last year. There cannot be many financial institutions able to raise their dividends by nearly 9 per cent and still cover the payment more than three times.

Trafalgar House

There can be few less loved shares in the market at present than those of Trafalgar House. Yesterday's statement from the company inspired a mild bounce to 59p – against a price of more than 90p just three weeks ago – but it is hard to see investors getting carried away merely on the back of the board's soothing reassurance.

Part of the problem lies in Trafalgar's dismal relations with the City: a record of misplaced optimism and doubtful accounting policies is no foundation on which to rally friends in difficult times. The main cause of concern is the pace and extent of the cash outflow – on the company's own admission likely to be at least £320m for the year to September – though even if the fears have been exaggerated there seems little compelling reason to buy the company's shares on cyclical grounds. If anything, its dominant construction and engineering businesses are only now entering the toughest part of the UK downturn, with wafer thin margins and keen competition. The £3.5bn order book alluded to yesterday is of little avail if it fails to make a profit. Commercial property – and to a lesser extent housebuilding – will be in the doldrums for some time.

To be fair, Trafalgar looks to be comfortably within its banking covenants, would yield more than the market average solely on the basis of a final dividend equivalent to a quarter of last year's final payout, and on a forced break-up appears to have ample asset backing. For a market with diminishing faith in fundamentals, this may be scarcely relevant.

Lep Group

In April last year, the then chairman and chief executive of Lep expressed cautious optimism. So even though they must have known that something was amiss, investors are entitled to some surprise at the way £200m in shareholders' funds have since been transformed into a £100m deficit. Even with a skilful company doctor at the helm, the terms of yesterday's restructuring agreement suggest a long struggle to secure the group's future.

At least Lep has no truculent Swiss bondholders to grapple with. But, unusually, it requires the support of overseas banks not covered by the agreement. The auditor's report recognises as much, pointing out that Lep's future as a going concern depends on the willingness of overseas lenders to back freight forwarding subsidiaries with overdrafts, letters of credit and the like. The qualification may explain the performance of Lep shares yesterday: almost doubling to 10p when the proposals were released but falling to 6¾p by the close.

The banks have shown how serious the situation is by converting debt into equity at a 300 per cent premium to the market value. That could also imply an expectation that the restructuring proposals will succeed. Otherwise they might have gone for seniority by converting into preferred stock. But what value seniority when the company shows post-restructuring borrowing of £330m and tangible assets of £250m?

Italy

It is tempting to interpret yesterday's 5 per cent jump in Italian stock prices as a sign the country's economic problems are on the mend after the provisional agreement to abolish the *scala mobile* system of wage indexation. But as so often the case in Italy, the story is more complicated than it seems. The Amato government still has to win parliamentary approval for its budget cuts. Even the wage indexation agreement will not be finalised until the autumn.

To be sure, the agreement is a further indication of the government's determination to stick to a tough line on the economy. It allowed the Bank of Italy last night to reverse a half point of its recent 1.75 point rise in interest rates. The bank must be satisfied that the deal will help shore up the lira at least for the time being.

That will come as a relief to other European governments, which have been worried that a weak lira could destabilise the entire ERM. But pressure could resurface in September as the French referendum on Maastricht looms. As for equities, yesterday's gain looks doubly suspicious since it occurred on very low turnover. Italian shares still offer an earnings yield of little more than 8 per cent, not much more than half the return on medium term government bonds.

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INSIDE

Marzotto flexes its muscles at Boss

Six months after taking control of Hugo Boss, Germany's best known mens' clothing group, Marzotto, the big Italian textiles and clothing concern, is starting to flex its muscles. Italian representatives have joined Boss's supervisory board and a new chief executive has been hired to replace from next March Mr Uwe Holy and his brother Jochen whose grandfather founded the company. Page 16

Reckitt & Colman sells for a loss

Reckitt & Colman, the UK household products, toiletries and food group, is taking a £52m ($99.32m) extraordinary loss on the sale of its US spices and seasonings business. The sale price is $75.1m, but there will be an extraordinary loss of $100m in the current year's accounts. The buyer is Burns Philp Food, a subsidiary of Burns Philp, an Australian food and hardware company. Page 21

UK harvest hopes frustrated

The UK cereal harvest is three weeks early this year but the bad news is that yields and quality have been disappointing. And heavy rains during June and July knocked some fields flat while the resulting moistness in the ears of wheat proved ideal for the spread of fungal disease. Page 22

Investors put holidays on hold

It's the height of summer, the Olympic Games are in full swing and most investors' thoughts have wandered to the annual holiday. Yet as Wall Street heads for record levels it is apparent some investors are delaying their leave: last week the FT-Actuaries World Index put on 2 per cent, its first appreciable gain for nearly a month. Back Page

South Korea rings the changes

A shake-up in South Korea's lucrative mobile telephone market is poised to take place later this month when one of three rival groups, each supported by foreign partners, is selected to compete against the state-owned Korea Mobile Telecommunications Corporation, one of the country's most profitable companies. Page 18

Abbey National falls 12%

Abbey National, the UK mortgage lender and retail banking group, yesterday reported a 12 per cent fall in its pre-tax profits during the first half of the year as a result of depression in the housing market. Pre-tax profits in the six months to June 30 slipped to £270m ($519m), from £308m a year ago. Page 16; Lex, Page 14

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Aachen Mch	755	+	5	Axa	812	+	27
Falls				BIC	815	+	25
Allianz	1777	–	60	Cr Fonc France	800	+	49
Asko Prf	515	–	20	Geophysique	710	+	38
Mercedes	515	–	9	LVMH	3736	+	157
Porsche	495	–	20	**Falls**			
Veren-West	300	–	16	Euro RSCG	575	–	15
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Ivax	29	+	4¾	Inui Steamship	272	+	23
Lincoln Nat	65½	+	⅞	Nippon Pelt	677	+	57
Falls				**Falls**			
Borland	46	–	1⅞	Clarion	438	–	37
McDonalds	42¾	–	1	Hirabo	176	–	14
Monsanto	53⅜	–	1⅝	Iwatsu Electric	337	–	32
Plains Res	15	–	2⅝	Mikuni	201	–	19
LONDON (Pence)				WPP	47	+	7
Rises				Yorks Water	434	+	16
BBA	133	+	8	**Falls**			
BM	90	+	6	Aviva Petrlm	30	–	6
Betterware	338	+	28	Bellway	212	–	14
ECC	484	+	15	Boot (H)	160	–	13
Gen Accident	390	+	19	Crest Nichlsn	34	–	5
Hoskins	38	+	3	EnterpriseCmp	14½	–	8½
Lilleshall	99	+	4	Malaya	23	–	7
MEPC	246	+	10	MoreO'Ferrall	183	–	10
Mirror	78	+	5	Mowlem (J)	81	–	4
Proteus Intl	334	+	18	Savoy A	500	–	30
Rolls-Royce	137	+	6				
Trafalgar Hse	58½	+	7½				
Transport Dev	228	+	12				

TWA near to agreement on rescue

By Karen Zagor in New York

TRANS WORLD Airlines, the debt-laden US carrier operating under Chapter 11 bankruptcy protection, yesterday confirmed it was discussing a plan with its creditors and unions which centres on TWA's owner, Mr Carl Icahn, ceding control to employees and creditors.

Creditors are expected to forgive about $1bn of TWA's roughly $1.6bn of debt in exchange for a 55 per cent stake in the airline. They would also receive debt securities and preferred stock. The remaining 45 per cent of the equity would be held by employees, who would make concessions on wages and working conditions.

Although a number of labour groups, including the International Association of Machinists which represents 15,000 TWA employees, are believed to have agreed to the plan in principle, Pension Benefit Guaranty Corp, the federal agency which insures TWA's pension fund, has not yet agreed to the plan and several unions are still negotiating.

The Air Line Pilots Association, which represents about 2,800 TWA pilots, said it was participating in negotiations, "but it's not a done deal yet".

The pilots want assurances that they are participating in a viable airline. "We don't want the airline to be sold out from under us if we reach an agreement," said Mr Marc Spiegel, ALPA communications chairman.

Another source of concern is TWA's pension plan, which is believed to be underfunded by about $1bn. PBGC would oppose any proposal "that would break up the controlled group unless it provides adequate protection for the pension plans", it said.

"We want to make sure that the current controlled group, including Carl Icahn's controlled entities, stay liable for the $1bn under-funding in TWA's pension plans. We will take what action we must to protect the pension plans including termination, if necessary, as a last resort," said PBGC.

When TWA announced its "pre-planned" Chapter 11 filing in February, it said Mr Icahn would give up his majority equity stake. The latest plan calls for Mr Icahn, who took control of the airline in 1986, to inject about $150m into the airline to keep it aloft until it receives bankruptcy court approval. Mr Icahn would then become an ordinary bond holder in the company.

TWA, the seventh-largest US carrier, has been almost crippled by debt acquired in 1988, when Mr Icahn borrowed heavily to take the business private.

Foreign banks seek assurances on Efim debt

By Haig Simonian in Milan

REPRESENTATIVES of foreign bank creditors to Efim, the Italian state holding company put into voluntary liquidation last month, will make a number of demands at a meeting with the treasury and the company's administrator in Rome tomorrow.

The delegation, likely to include executives from London-based banks, will press treasury officials to clarify points which remain obscure after last month's government decree liquidating the company.

The foreign bankers will want to know in particular whether the government's plan to issue up to L4,000bn ($3.5bn) in new securities from next January to cover the company's debts will be adequate and whether the amount can be increased, if necessary. No details have been released as to how the L4,000bn figure has been calculated.

Foreign banks are believed to have lent around L3,500bn to the Efim group, which has a total indebtedness of around L8,500bn.

The bankers will also press for details on the nature of the new bonds to be issued next year. So far, the treasury has given no indication of the bonds' maturity, or of the interest rate they will carry.

"We are keen that the bonds should be offered at market rates", said Mr Guido Rosa, head of the Foreign Bankers' Association in Italy, "and we hope at least that there will be some correspondence between maturities."

Bankers will also ask whether the treasury plans to issue any of the new bonds in currencies other than the lira. The Efim group, which borrowed heavily in the international capital markets, had exposures in other currencies, and bank creditors want the new bonds to reflect its borrowing profile as far as possible.

The scale of Efim's borrowings in terms of both currencies and interest rates mean some banks could be disadvantaged should the treasury issue just fixed rate lira bonds.

The foreign banks want an assurance that some debt could be repaid in cash, rather than converted into bonds, should funds become available as a result of asset sales.

"If it's possible, banks would like to see some cash. We'd like to know whether the treasury could combine cash and bonds," said Mr Rosa.

The government has appointed two merchant banks, Mediobanca and Warburgs, to carry out valuations of Efim's assets pending their disposal.

Bond markets await debut of Treuhand

David Waller and Sara Webb on the German agency's plans to raise DM10bn

The after-shocks of German unification will reverberate around the European bond markets once again this autumn. The Treuhandanstalt, the German government agency charged with the privatising the east's old state-owned enterprises, is due to make its debut in the bond market to raise up to DM10bn ($6.5bn).

The inevitable result of this and other cash-raising by the German government or its agencies is continuing upward pressure on long-term interest rates across Europe.

The DM10bn will not, in itself, test the patience of investors. Most bond issues by the federal government are around the same size. However, it will be an additional burden to what was already due to be a hefty borrowing programme.

The Unity Fund, set up to support the new federal states in the east, has already raised most of the DM25bn it plans to borrow this year. But almost all of the federal government's fiscal deficit of some DM40bn has yet to be financed. This demand for cash will make it harder – and thus more expensive – for other European governments to raise money.

When the Treuhand was set up in February 1990 by the East German government, it had about 8,000 companies to sell, restructure or simply close. Following reorganisation, this number increased to about 12,000. Of these, just over 7,600 have already been sold, raising DM29.3bn.

However, this is not enough to make the Treuhand self-financing. Analysts estimate that the combined costs of restructuring companies, paying social compensation and environmental costs, as well as rolling over old debt from the state companies to the Treuhand far exceed revenue from the sale of assets.

"Privatisation and restructuring of the former East German state-owned properties will necessitate considerable borrowing by the Treuhand over the next few years, both to fund continuing large cash deficits and to refinance the former state-owned companies' existing debt," according to Standard & Poor's, the international credit rating agency.

The Treuhand plans to tap the international capital markets towards the end of September or early October, depending on market conditions. It wants to borrow between DM8bn-DM10bn.

The bonds will be part of the Treuhand's own financing programme and will be separate from other government-backed issues. These include bonds issued by the Unity Fund, for which the outstanding volume at the end of May was DM41.2bn.

Although, in theory, German government bunds and bonds issued by agencies such as the German state railways or post office should be equally attractive, investors prefer to hold ordinary government bonds as these are much more heavily traded, and hence more liquid. As a result, government agency bonds tend to trade at a slightly higher yield than the plain government issues.

Steps have already been taken to prepare the way for the Treuhand issue. On June 26, the government passed a law which permits the agency to use the international capital markets. The government has set a borrowing ceiling of DM30bn for 1992 for the Treuhand.

At the same time, the two leading credit rating agencies - Standard & Poor's and Moody's - announced they would assign their top ratings for debt issued by the agency. The Treuhand already has a DM10bn German commercial paper programme, of which about DM7bn has been issued. This existing short-term debt has been assigned a top rating, and both agencies have said that bond issues by the Treuhand would be rated Triple-A.

Because of the government guarantee, any creditor would have a direct claim against the Federal Republic of Germany. As the Treuhand is due to be wound down by the end of 1994, any outstanding obligations will be taken over by the government.

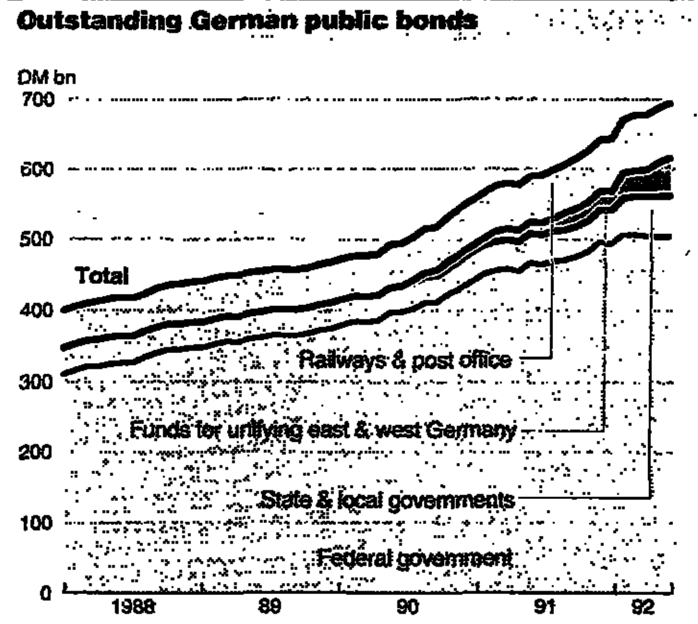
At least one other important question remains. Treuhand bonds would be of much greater interest to investors if they were "deliverable" into the German government bond futures contract traded on the London International Financial Futures and Options Exchange (Liffe) – in other words, if they could be used to settle bund futures contracts when they expire. The Deutsche Terminbörse, the German futures and options exchange, has already taken this step.

Bond dealers hope that Liffe will amend its specifications to include Treuhand bonds – which would almost certainly smooth the launch of the Treuhand issue.

However, this autumn will be a testing time for the bond markets. The Bundesbank's July 16 decision to raise the discount rate to 8.75 per cent, coupled with doubts over the future of European economic and monetary union, has shrouded the European bond markets in uncertainty.

"At the moment the whole of the market interest rate structure is in disarray, so the Treuhand may be forced to wait for stability to return to the markets first," says Mr Michael Buneman, assistant vice-president at Moody's German office.

Outstanding German public bonds



Source: Bundesbank

Lep agrees £180m equity swap deal with bankers

By Jane Fuller in London

LEP GROUP, the UK freight forwarding and security concern brought to the brink of bankruptcy by borrowings of more than £500m ($955m), has reached agreement with about 25 banks to swap £180m of debt into equity.

The rescue is likely to leave the banks, led by National Westminster, with 85 per cent of the company, which before yesterday's announcement had a market value of less than £8m. Lep's share price had fallen from 199p in June 1990 to less than 5p earlier this summer.

About 784m new shares will be issued, nearly six times the current number. As the price is 21p each, compared with yesterday's opening of 5.5p, existing shareholders – of which the largest is the security group ADT, with 27 per cent – are unlikely to take up the 17-for-3 open offer.

The directors, now headed by company doctor, Mr David James, yesterday warned shareholders that Lep would be unable to continue trading unless they approved the rescue. Mr James replaced Mr John Read, the former chairman and chief executive, who is suing for £1.7m compensation. Lep has issued a counter-claim.

The debt-equity swap will reduce net borrowings from £507.8m to less than £330m. Lep will also be allowed to roll up interest payments on £145.7m of its remaining debt for three years. This leaves £182m of borrowings outside the restructuring to be serviced.

The group also announced a pre-tax loss of £59.1m in 1991 after £47.3m of exceptional costs and net interest payments of £38.3m. Extraordinary costs amounted to £172.1m, of which the largest item was the write-off of Lep's entire £92.4m investment in US property. Losses attributable to shareholders totalled £235.1m and there is no dividend payment.

The accounts have been qualified by Touche Ross, the auditors, who point out that the company may be unable to continue trading if shareholders reject the restructuring, or if banks outside the agreement refuse to finance ongoing debts.

The rescue will enable a £900,000 deficit on the pension fund – from a fall in the value of a property purchased from a group subsidiary – to be repaid over the next two or three years. Details, Page 21; Lex, Page 14

Playmates buys stake in French toymaker

By Simon Holberton in Hong Kong and Alice Rawsthorn in Paris

PLAYMATES, the Hong Kong manufacturer of Teenage Mutant Ninja Turtles toys, will pay HK$235m (US$30m) for a 35.31 per cent stake in Idéal Loisirs, the leading French toymaker which owns licensing rights to Babar the Elephant.

The deal marks a big push by Playmates, which makes most of its products in China, into the European market. Last year Europe accounted for 12 per cent of its HK$3bn sales, compared with 84 per cent in the US.

Playmates saw sales decline last year and earnings fell from HK$1.22bn in 1990 to HK$882m in 1991. However, thanks to the Turtles, it still had a war chest of HK$1.5bn to invest in new, more lucrative concepts.

Mr Thomas Chan, managing director, said the investment in Idéal Loisirs was part of the group's expansion plans. The deal is expected to be signed in November. "Working with Idéal Loisirs will increase our involvement and insight through to the retail level of the European toy market," he said.

The acquisition allows Playmates to recoup some of the 25 per cent of the profits which accrue to French vendors of its Ninja Turtles toys, but it is also seen as a defensive move.

Playmates is highly dependent on the US market. It is therefore vulnerable to US policy towards China – in particular the withdrawal of Beijing's "most favoured nation" status – as it manufactures most of its products in China.

Ninja Turtles have been one of the world's most successful toy ranges since the late 1980s. Their success turned Playmates into the world's most profitable toy group. But the Turtles have fallen victim to the fickle buying habits of their young consumers. Sales are now falling and Playmates has been searching for new toy concepts to replace them.

Babar the Elephant, invented in 1937 by cartoonist Mr Jean de Brunhoff, has been discreetly updated for the 1990s by his son, Laurent. The Babar revival has helped Idéal to become France's biggest toy company with profits of FFr38m ($7.5m) on sales of FFr850m last year. But Idéal's finances have come under strain because of its expansion. The group has for some months been searching for new capital.

Pirelli in fresh move against Continental

By David Waller in Frankfurt

HOSTILITIES between Continental and Pirelli, two big European tyre companies, flared up again yesterday as Pirelli launched legal action designed to nullify the outcome of the Continental's annual meeting in Hanover last month.

At this meeting, Pirelli was outmanoeuvred for the second year in a row in its attempt to overturn voting restrictions at the German company. Mr Ulrich Weiss, chairman of Continental's supervisory board and a director of Deutsche Bank, then simply declared that Pirelli was not entitled to vote its full holding.

Pirelli, which owns 5 per cent of Continental directly and has options over a further 34 per cent, is maintaining it should have been able to vote the entire stake. Had this been the case, it argued yesterday, voting restrictions would have been overturned and the meeting would not have granted approval to Continental's management, as is required under German corporate law.

The legal challenge was not unexpected. At the meeting last month, Mr Gert Silber-Bonz, chairman of Pirelli's German operations, delivered a furious denunciation of Mr Weiss's tactics and said Pirelli would challenge the outcome of the meeting in the courts.

The two companies spent over a year in fruitless merger talks which were abandoned in last December last year after the Italian company ran into severe financial difficulties. Hostilities began afresh after Pirelli launched its second attempt to overturn the rule which limits voting rights in Continental to 5 per cent, no matter how big the shareholding.

Pirelli said yesterday that Continental had been wrong to say that the shares held under option by Pirelli and Mediobanca, its banking associate, should be aggregated with Pirelli's direct share stake for the purposes of voting right restrictions. "The call options were normal call options," the Italian company said yesterday. "It has never been maintained by any authority on German law that call options are a basis for aggregation. Therefore all votes at the general meeting should have been counted."

First-half downturn at Baer Holding

By Ian Rodger in Zurich

CONSOLIDATED pre-tax profit of Baer Holding, the Zurich banking group, fell 13 per cent to SFr59m ($430m) in the first half of the current year, mainly because of a sharp drop in income from securities trading.

Baer said income from securities trading tumbled by 36.9 per cent to SFr44m, mainly because high interest rates discouraged investors from the equity market.

Net commission income increased by 11.7 per cent to SFr91.4m, reflecting good progress in portfolio management and investment fund business while net interest income was flat at SFr53.4m.

The result, after other income of SFr16.5m, was a 3.3 per cent decline in total income to SFr205.3m.

Consolidated total assets stood at SFr6bn at June 30, up 6 per cent from the end of last year.

The value of clients' assets entrusted to the Julius Baer group rose 5 per cent to SFr31.3bn, and the total assets of Baer Group investment funds climbed 25 per cent to SFr2.5bn.

Marzotto begins to flex its muscles at Boss

Haig Simonian on the Italian men's clothing group's prospects after its German deal

SIX months after taking control of Hugo Boss, Germany's best-known mens' clothing group, Marzotto, the big Italian textiles and clothing concern, is starting to flex its muscles.

Italian representatives have joined Boss's supervisory board and Mr Peter Littmann has been hired as chief executive, replacing from next March the brothers Uwe and Jochen Holy who brought the company – founded by their grandfather – from obscurity to international fame.

After spending $165m last December on a 63.7 per cent stake in Boss and an option to buy 13.8 per cent more, Marzotto, chaired by Mr Pietro Marzotto, had been waiting patiently to reinforce its position.

However, Mr Marzotto asserts there is no question of Boss losing its identity or merging with his company, which had sales of L1,280bn ($1.12bn) last year. "At least not for the time being," he says. "These first six months have been spent seeing how to use the existing synergies. Talk of merger is premature."

Boss, which made net profits of DM35.4m ($23.2m) on sales of DM997m in 1991, will only be consolidated from this year. But the companies have been examining how to co-operate to improve efficiency and save money, short of amalgamating.

Savings have already been identified by collaborating in "outsourcing" – subcontracting work to low-cost countries – acquiring accessories like linings and buttons and data processing, Mr Marzotto explains. Working groups of managers from both sides are being formed, and detailed proposals should be ready by year-end. "There is already a marked exchange of management and ideas," he states.

Part of the improvement will come through resolving difficulties at Joseph & Feiss, the US men's clothing group Boss purchased in 1989. Hailed as a breakthrough into the lucrative US market, the concept turned sour as a result of collapsing US demand and the need for expensive modernisation at the company's Cleveland plant.

The problems with Joseph & Feiss "were a bit of everything", Marzotto managers explain. Losses arose owing to problems in retailing and distribution, while earnings were depressed by the recession.

Boss had already begun modernising Joseph & Feiss, where over half the output is up to its standards, says Mr Marzotto. That should rise to 100 per cent by next March, when all the production lines will have been brought up to date. He remains as convinced as the Holy brothers of the validity of the acquisition. Under their strategy, Joseph & Feiss would continue making its well-established brands to traditional US tastes, while introducing softer, more European-styled Boss apparel. Around 80 per cent of the Hugo Boss formal wear, like suits, sold in the US is already produced in Cleveland.

Pietro Marzotto: Testy about current performance

The priority is to relaunch Joseph & Feiss's own brands, says Mr Marzotto. The new equipment should raise quality while cutting overheads. Although a loss is still forecast this year, the company should break even in 1993.

Reviving a troubled apparel operation is familiar ground for Marzotto. Like many Italian manufacturers, it has been caught in the vice of producing the bulk of its output in a high-cost country with relatively high inflation, heavy social security costs and a fairly strong currency.

"The situation in Italy today penalises all manufacturers requiring substantial amounts of labour," he notes.

Marzotto's profits have fallen for three years running. Group net earnings last year were just L39.8bn, 12.3 per cent down on 1990 and two-thirds of their 1988 peak, triggering a 20 per cent dividend cut.

Mr Marzotto grows testy when probed about current financial performance. Enquiries about prospects for the dividend are dismissed as "arrogant", while predictions on net earnings, especially at group level, are based on factors "which are not interesting for readers", he replies.

In spite of falling demand in most big markets and increasing competition, parent company operating profits, adjusted for acquisitions, should rise this year, he says. The increase will come through higher productivity and lower costs, while a better product mix, weighted more towards higher value items, should also contribute.

Taking free cash-flow as his measure, Mr Marzotto says this year's figures will "certainly be better" than in 1991. Earnings at group level are tougher to predict, as much hangs on how Marzotto treats the difference between the acquisition and book price for Boss. And Boss's final-quarter sales, traditionally very important, will also play a part.

Raising earnings will partly depend on pushing through the strategy of internationalisation which dictated the Boss acquisition. Prior to the purchase, 70 per cent of Marzotto's sales came from Italy, where over 90 per cent of its goods were produced. This year's consolidated figures, which will see turnover rising to around L2,100bn, will show domestic sales falling to around 55 per cent of the total, while the domestic share of production will have fallen to around 60 per cent, forecasts Mr Marzotto.

Longer term, his aim is to reduce the Italian share of apparel production down to "a very significant minority". For textiles, manufacturing at home "will always be preponderant", he says.

Bringing that about will entail some further adjustments to the group, which has tripled sales in the past six years, largely through takeovers. Acquisition-led growth is set to continue, probably in eastern Europe at the outset. And there will be disposals of non-core businesses.

The recent sale of its work clothes subsidiary and its 50 per cent stake in another small offshoot have brought the group's target closer. The disposals should also generate "a certain capital gain" for the first-half results. However, there is still a little more to do, says Mr Marzotto.

International demand and the Italian economy permitting, the group should remain on course with its financial strategy of maintaining its ability to generate cash, without turning to shareholders for funds, and keeping up the dividend.

For Mr Marzotto, this year's dividend cut was an isolated event triggered by the Boss acquisition. But with the market still difficult and Italian manufacturers increasingly penalised by domestic economic conditions, investors will have to wait until early next year to see whether he is proved right.

Weak housing sector hits Abbey National returns

By David Barchard in London

ABBEY NATIONAL, the UK mortgage lender and retail banking group, yesterday reported a 12 per cent fall in its pre-tax profits during the first half of the year as a result of the depression in the housing market.

Pre-tax profits in the six months to June 30 slipped to £270m, in line with the lower end of market expectations, from £308m a year ago. Earnings per share fell from 15.7p a year ago to 13.2p.

Provisions against problem loans were £138m, up from £58m a year ago and £97m in the second half of 1991. The figure included a general provision of £30m, up from £3m a year ago, for UK residential mortgages, and a further £30m in provisions against losses in France and Spain and unsecured lending in the UK.

Total operating income rose 12 per cent to £744m, from £663m a year ago. Costs rose 134 per cent to £336m, taking the cost:income ratio to 45.2 per cent, slightly up on 44.8 per cent a year ago. Mortgage lending was £1.2bn, down from £1.7bn a year ago.

In spite of the drop in earnings per share, there was a larger than expected increase in the net dividend which rose 9 per cent to 3.8p (3.5p).

Nestlé venture acquires French nutrition group

CLINTEC Nutrition, a joint venture of Nestlé and Baxter Healthcare of the US in clinical nutrition, has acquired Laboratoires Sopharga, a maker of enteral clinical nutrition products, from Roussel Uclaf, the French pharmaceutical group, writes Ian Rodger.

Terms were not revealed, but Nestlé said that Sopharga was the leading maker of enteral clinical nutrition products in France with sales in 1991 equivalent to more than SFr65m ($47.4m).

Clintec was created in 1989 in the US and had sales of SFr400m last year.

BBA half-year results boosted by cost-cutting

By Roland Rudd in London

A COST-CUTTING exercise in all divisions at BBA, the UK component maker for the automotive, aviation and industrial markets, helped it report a 26 per cent increase in first-half pre-tax profits. For the six months to June 30, BBA's pre-tax profits increased from £26.1m to £33m ($63m), on sales of £649.1m, up from £620.2m a year earlier.

Mr John White, managing director, said: "By reading the recession early we were able to tackle costs against the background of difficult economic conditions."

He warned that there was "no firm evidence of any generalised recovery" and called on the government to cut interest rates at the "earliest opportunity".

An exceptional charge of £4.8m relates to redundancy costs covering the loss of 600 jobs and the closure of loss-making plants.

Mr White said the company would concentrate its resources on its core businesses which had rare technology and a high proportion of the market, such as its friction materials operations. He said there would be no "fire sale" of non-core businesses.

However, Mr White did not rule out disposals of some of the portfolio businesses if the price was right.

The automotive division, which saw the most significant reductions in its cost base, made the strongest recovery, reporting increased pre-tax profits of £17.4m against £12.8m a year ago.

Pre-tax profits from aviation edged up to £5.6m (£5.5m). BBA said its airline clients had reported "diabolical market conditions" which would lead them to extend the life of their fleets of aircraft.

Industrial activities, particularly in the US, went late into recession. This helped explain the fall in the division's pre-tax profits from £20m to £18m.

After a sharp fall in the second half of 1991, profits have recovered to the level achieved in the first half of last year.

An extraordinary item of £4.4m relates to the settlement of a claim over the value of the net assets of a disposal.

Gearing increased from around 40 per cent to about 50 per cent of shareholders' funds. The interest charge, however, fell from £4.2m to £8m because of money received from last year's £79m rights issue and lower US interest rates.

The interim dividend is maintained at 2.25p. Earnings per share increased to 5p from 4.4p.

INTERNATIONAL COMPANIES AND FINANCE

Fresh twist in bid battle for LTV

By Martin Dickson in New York

THE LONG and tortuous battle for ownership of LTV's aircraft and missiles businesses took a surprising new twist yesterday when LTV announced a preliminary agreement to sell the entire operations to defence group Martin Marietta for $440m.

However, the deal still needs the approval of the bankruptcy court which oversees LTV's assets and it is open to other bidders to present a superior offer to the court.

The latest deal came days after Loral, another US defence group, announced it wanted to buy LTV's missiles business for $240m.

This would be in a joint bid with the Carlyle Group, a Washington investment firm, and defence company Northrop, which would bid $190m for the aircraft side.

The result was a package deal that was worth $430m.

As the Loral package went ahead, Thomson-CSF of France, which had previously been partnered by the Carlyle/Northrop team, abandoned its efforts to take over the missiles business or hold a significant stake in it.

LTV said yesterday it had reached a letter of agreement with Martin Marietta because its bid was financially superior to that from the Loral/Carlyle combination.

Loral said yesterday that it remained interested in the LTV transaction and was confident there would be sufficient opportunities in the judicial process to pursue a competing offer.

In April, Martin Marietta, in conjunction with Lockheed, made a $385m bid for the LTV businesses, but that was rejected by the courts in favour of a $450m offer from Thomson and Carlyle. However, Thomson eventually withdrew after running into hostility to its bid in Washington, where there was concern over the possible leaking of US defence secrets to foreign powers.

Martin Marietta's new, solo offer consists of $396m in cash and $44m in preferred stock.

GE in top executive appointments

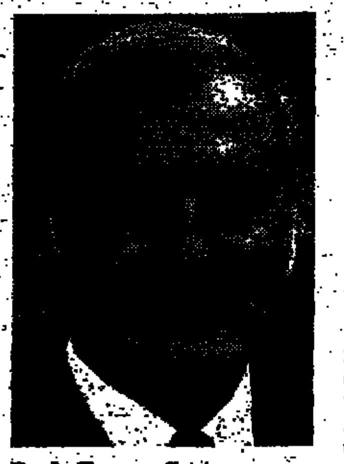
By Martin Dickson

GENERAL Electric, the US manufacturing, services and technology company, yesterday underscored the increasingly global nature of its business by appointing Mr Paolo Fresco as the first non-American member of its top executive team.

Mr Fresco, a 59-year-old Italian who runs GE's international business development operations from a London base, has been appointed a vice-chairman of the group and one of four members of GE's policy-making corporate executive office.

Mr Frank Doyle, 61, a senior vice-president of GE and a labour relations expert, was also named yesterday to the executive office and given the new title of executive vice-president.

The two existing members of the office are Mr Jack Welch, GE's chairman, and Mr Edward Hood, the company's other vice-chairman. They had been its only members since the departure from the group of two other executives over a year ago.



Paolo Fresco: first non-American member

Mr Fresco, who became the first non-American member of the GE board in 1990, has been with the group since 1962 and has headed GE International since 1985. This arm is responsible for developing new international business alliances and acquisitions and liaising with foreign governments.

Important deals in which he was involved include GE's acquisition of a controlling interest in Hungary's Tungsram light bulb company and its joint ventures with Britain's General Electric Company.

Mr Fresco, who spends up to 50 per cent of his time travelling worldwide, will retain his position at GE International. He said yesterday his appointment would give him further opportunity to foster globalisation at GE and bring a non-American perspective to the company's decision-making.

GE also announced yesterday that the heads of the group's 13 business units would now have the title of president and chief executive officer for their particular businesses.

Mr Welch said the change recognised the fact that all 13 businesses were the size of Fortune 500 companies and five were the size of Fortune 100 companies.

America West set for new financing

AMERICA West Airlines, which is operating in Chapter 11 bankruptcy, has reached agreements in principle to expand its debtor-in-possession financing by at least $45m and up to $60m, Reuter reports from Phoenix.

In addition, America West said that it expected to obtain "additional financial benefits" of more than $137m from aircraft providers and other sources, including aircraft lessor GPA Group of Ireland.

America West, which operated chiefly in the south-west and west of the US, said that the new financing would "significantly enhance" its ability to file a plan of reorganisation in the near term. It would also support the airline's recently announced strategic cuts and related route realignments.

America West said that the agreement in principle on the expanded debtor-in-possession financing was subject to conditions, including the receipt of commitments on terms acceptable to both America West and its lenders for $10m of the minimum $45m. It said negotiations for the commitments were in final stages.

It added that the new financing was expected to close before the end of August.

RTC files $400m lawsuit against Arthur Andersen

By Patrick Harverson in New York

The Resolution Trust Corporation, the government agency handling the clean-up of the US savings and loan (S&L) industry, has filed a $400m lawsuit against Arthur Andersen.

It is alleging that negligent audit work by the big accountancy firm contributed to the collapse of Benjamin Franklin Savings Association, a large Houston-based savings and loan.

Andersen said that it would fight the case vigorously, and denied that it was negligent during its auditing of Benjamin Franklin between 1984 and 1988.

The firm said the S&L's failure, which cost US taxpayers almost $1bn, was related to the collapse in oil prices in 1986 and other economic forces which were affecting the Texas region at the time.

The RTC, however, alleges that Andersen agreed to the use of accounting devices by Benjamin Franklin's management that kept the company's deteriorating financial condition from regulators.

While the case is pending, the RTC is reconsidering its relationship with Andersen. The accountancy firm is one of the biggest contractors for the agency.

The RTC has instructed its regional offices not to award new work to the firm until the Benjamin Franklin case is resolved.

And Arthur Andersen has been asked to discuss its existing contractual relationships (which are worth about $38m if completed) with the government agency.

This is not the first time that Andersen has run into problems over its work in the S&L industry during the 1980s.

In March, the firm agreed to pay a total of $30m to settle investor claims from the collapse of the Lincoln Savings & Loan Association.

Other big accountancy firms and a number of legal firms have also faced lawsuits over their role in the collapse of the savings and loan industry.

Chairman to quit Indonesian company

By William Keeling in Jakarta

ASTRA International, Indonesia's second largest company, has announced that Mr William Soeryadjaya, its chairman and main shareholder, is stepping down.

The move follows speculation that the Soeryadjaya family, which owns 76 per cent of Astra, is preparing to sell up to half its stake.

Astra, which has a market capitalisation of Rp2,882bn ($1.4bn), accounts for almost half of Indonesia's vehicle sales and, brokers say, is among the country's best-run companies. There has been concern, however, that Astra could be affected by losses suffered by Bank Summa, part of the Summa Group privately-owned by the Soeryadjaya family.

Brokers say the Soeryadjaya family has recently injected more than Rp550bn of capital into Bank Summa to compensate for a fall in value of property investments. At a press conference last week, Mr Soeryadjaya said he wished to concentrate fully on the Summa Group and to underline that no linkages existed between the two businesses.

The new chairman of Astra is to be Mr Sumitro Djojohadikusumo, a former Indonesian economy minister and close associate of President Suharto. Mr Djojohadikusumo said he had consulted President Suharto and government ministers before accepting the post.

Brokers recently downgraded 1992 net profit forecasts for Astra from Rp150bn to about Rp120bn, as against Rp210bn last year. Sales in the first quarter of this year were down 35 per cent on the same period of 1991.

Mr Djojohadikusumo's priority is likely to be the search for new investors. Toyota vehicles make up about half of Astra's sales but Toyota has denied an interest in buying a stake.

Astra is to hold an extraordinary meeting on September 18 to authorise changes on its board.

Seoul clears the lines for mobile phone explosion

John Burton looks at the consortia vying to challenge a state-owned monopoly and the potential market

ONE of three South Korean consortia, each supported by foreign partners, will be selected this month to compete against Korea Mobile Telecommunications Corporation (KMTC), one of the country's most profitable companies, in the country's lucrative mobile telephone market.

Competition between state-owned KMTC and a private operator is expected to lead to explosive growth of South Korean mobile telephone services. Turnover is expected to reach US$3bn by 2000, up from $300m this year, as the number of subscribers climbs to 4m from 200,000 now.

The earnings performance of KMTC indicates the potential rewards the Korean cellular phone market could offer. Established in 1984 as a state monopoly, KMTC ranked seventh in terms of profits among listed Korean companies last year, with earnings of Won42.7bn ($54.2m), and sixth in terms of sales growth, with turnover increasing by 105 per cent to Won147.3bn.

KMTC's high profit margins reflect its ability to share administrative costs with state-run Korean Telecom, which holds 65 per cent in KMTC. But its profit-to-sales ratio of nearly 30 per cent will shrink as it increases research and development and capital investments, and it cuts charges because of increased competition.

The predicted increase in mobile telephone use is likely to benefit foreign telecommunications equipment suppliers because South Korea lacks the necessary technology. AT&T and Motorola of the US now provide the switching equipment. Motorola is a leading supplier of handsets, while its Korean rivals, Samsung Electronics and Hyundai Electronic Industries, assemble cellular phones from imported components.

The ability to transfer foreign technology will be an important factor in determining which consortium will be chosen by the Ministry of Communications (MoC) to operate the country's second mobile telephone network. The winning consortium will also be expected to help fund the MoC's Won72.2bn research on mobile telecommunications.

More advanced digital mobile telephone technology is needed to replace the current analog system. This will improve the performance of the mobile telephone network and relieve a threatened shortage of circuits in Seoul by 1994, when the second network starts operating. Cellular telephone connections are difficult in mountainous South Korea, with only one out of every three attempted calls being completed.

The participation of foreign companies, which can have a maximum shareholding of 33 per cent in a consortium, will bolster the financial ability of their Korean partners to build the second cellular network, which will cost at least $1.3bn. There are seven foreign telecommunications operators taking part in the bidding, including British Telecom and Vodafone.

Banks, usually barred from taking direct shareholdings in Korean companies, are being allowed to participate in the consortia to increase their financial strength.

The MoC banned Korean telecommunications equipment manufacturers from heading any consortium on anti-trust grounds, although they may have minor shareholdings. The domestic companies leading each of the consortia are limited to 30 per cent stakes.

However, it may not be technological and financial factors alone which determine which consortium will win the contract. The political opposition contends that President Roh Tae Woo's outgoing administration is using the mobile telephone contract to reward companies supporting his party in this election year.

Most observers were not surprised when Sunkyong, the country's seventh-largest business group, and Pohang Iron & Steel Company (Posco), the leading national steelmaker, were recently selected as finalists for the franchise out of six contenders. Both have close ties with the government.

One of the sons of Mr Chey Jong-hyon, Sunkyong chairman, is married to the daughter of President Roh. Mr Park Tae-joon, Posco chairman, is one of the three co-chairman of the governing Democratic Liberal Party.

"It would be embarrassing if either of them won because it would appear to confirm charges by our opponents that political favouritism is involved. But the truth is that they are also probably the best qualified companies in the competition," said a government official.

A preliminary evaluation of the competing consortia announced last week found Sunkyong to be most qualified in financial and technical terms, followed by a group led by the Kolon business group and Posco.

A second evaluation this month will examine the construction and installation proposals of the three groups before a final decision.

Sunkyong's Greater Korean Telecom consortium is led by Yokung, its oil refining subsidiary, supported by state-run Korea Electric Power and Korea Long-Term Credit Bank.

Park Tae-joon of the governing party is a contender

Lucky-Goldstar, which manufactures telecommunications equipment, is also affiliated with this consortium.

Its foreign partners include mobile telephone operator Vodafone of the UK, GTE of the US and Hutchinson Telecom of Hong Kong. Sunkyong has also been gaining experience in managing cellular telephone systems by participating in a joint venture with US Cellular in the US.

Posco, in which the government holds 35 per cent, views cellular communications as part of a diversification strategy, which includes expanding into the semiconductor and specialty chemicals sectors. It is seeking the contract through its Posdata subsidiary, established in 1989 to develop communications technology and computer software.

Posco is supported by several of Korea's biggest conglomerates, including Samsung, Daewoo, and Hyundai. Its foreign partners in the New Century consortium are Pacific Telesis, a US Baby Bell, and Mannesmann, a German private mobile telephone network operator.

The Kolon consortium is being supported by British Telecom and Nynex, another Baby Bell operating in New York.

The selection of Kolon as a finalist was surprising, because Toray, the Japanese textile group, is the largest shareholder in Kolon Industrial, the textile subsidiary heading the bid, with a 17 per cent stake.

The South Korean government is sensitive about Japanese ownership of strategic businesses due to its colonial history.

The three consortia recently eliminated from the mobile telephone competition included: Dongbu, linked with Bell Atlantic; Tongyang with US West; and Ssangyong, Korea's fifth-largest business group, supported by Swedish Telecom and Southwestern Bell of the US.

Improved sales at top Australian retailers

By Bruce Jacques in Sydney

COLES Myer and Woolworths, Australia's two largest retailers, have announced improved sales for the latest financial year, against the trend of a depressed retail sector.

The larger Coles Myer unveiled a modest 1.6 per cent rise in sales to A$15.18bn (US$11.32bn) for the year to July 26, from A$14.94bn a year earlier. This performance was easily surpassed by Woolworths, part of the Adelaide Steamship group, with an 11 per cent advance in sales to A$9.18bn for the year to June 23, from a lower base of A$8.27bn.

Woolworths, due to be floated by Adsteam later this year, also announced a 13.1 per cent rise in earnings before interest in tax to A$247.0m from A$218.4m. Coles Myer's earnings will be announced on September 10.

Mr Paul Simons, Woolworths chairman, said all divisions had improved market share with sales growth ahead of inflation. He said the supermarket division, the company's core business, had raised its national market share to 30.22 per cent from 28.66 per cent.

Mr Peter Bartels, Coles Myer chief executive, said the company's sales increase would have been 3.9 per cent excluding New Zealand businesses – mainly Progressive Enterprises – which were sold during the year. But he warned that profit margins were still under considerable pressure from widespread discounting. A performance breakdown showed that the fourth quarter was by far the strongest, with Australian sales increasing 6.5 per cent to A$3.64m from A$3.42m.

● Bridge Oil, an Australian oil and gas producer, yesterday reported that production fell 2.7 per cent to 5.08m barrels of oil equivalent in the first half to June 30, from 5.22m barrels a year earlier, AP-DJ reports. Revenue from petroleum sales fell 6.5 per cent to A$84.5m in the six months, from A$90.4m in the year-earlier period.

Colder weather helps Skis Rossignol recovery

By Alice Rawsthorn in Paris

SKIS Rossignol, the French company which is the world's largest ski equipment manufacturer, continued its recovery with a 27 per cent increase in turnover to FFr319.6m ($63.92m) in the first quarter of this financial year.

The increase in sales for the three months to June 30 was fuelled by the group's success in the Winter Olympics, where 18 medal winners used its skis. Skis also benefited from the cold weather in Europe's skiing resorts, which produced a marked improvement in demand for ski equipment after several successive seasons of warm winters and snow shortages.

The spate of warm winters, combined with the effects of the economic recession, has pushed Skis Rossignol, which also makes tennis and golf equipment, into the red. The group recently announced an unexpectedly high loss of FFr53.9m for the year to March 31, against a higher loss of FFr140.8m the previous year.

Mr Laurent Boix-Vives, chairman, has forecast a return to profitability this year, helped by cost-cutting and productivity improvements.

Synthélabo sales increase to FFr3.17bn

SYNTHELABO, the French pharmaceuticals company which is part of the L'Oréal cosmetics group, saw its sales increase by 9.7 per cent to FFr3.17bn ($634m) in the first half of this year from FFr2.88bn in the same period of 1991, writes Alice Rawsthorn.

The group said yesterday its pharmaceutical sales had risen by 9 per cent to FFr1.6bn during the interim period, with bio-medical sales increasing by 12.17 per cent to FFr313m.

Synthélabo, is France's fourth-largest pharmaceuticals group.

Peregrine offers to buy remainder of Kwong

PEREGRINE Investments, the Hong Kong merchant banking and investment group, yesterday launched a HK$878.2m (US$114m) offer for the shares in Kwong Sang Hong International it does not already own, at HK$2.65 each, Reuter reports from Hong Kong.

The offer, equivalent to Kwong's closing share price on Friday, triggered the exercising of 2.13m Kwong Sang Hong 1994 warrants, raising Peregrine's shareholding to about 35.09 per cent from 34.99 per cent previously.

The group is also offering 2.67 cents for each Kwong Sang Hong 1992 warrant and 15 cents for each 1994 warrant.

This represents a discount of 86.4 per cent to 1992 warrants and 83.9 per cent to 1994 warrants against their Friday closing prices of 19.6 cents and 93 cents, respectively.

Kwong Sang Hong, which has consolidated net tangible assets of HK$1.68bn is engaged in property investment and development, investment holding, manufacturing and sale of cosmetics and loan financing.

Paribas Asia has been appointed financial adviser to minority shareholders.

Kwong Sang Hong would retain its listing on the local stock exchange, Peregrine said.

Two Japanese groups in Chinese venture

SANYO Electric, a leading Japanese manufacturer of electrical and electronic equipment, and Nissho Iwai, Japan's sixth-largest trading group, announced that they are to launch a joint venture in September in Dalian, eastern China, to make and sell commercial air conditioners, Reuter reports from Tokyo.

Dalian Sanyo Refrigeration, capitalised at Y1.4bn ($10.99m), will be owned 55 per cent by Sanyo and 5 per cent by Nissho Iwai and the remaining 40 per cent by Dalian Refrigeration Works, the mainland Chinese air conditioner maker.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 04.08.92: Pool purchase price £/MWh	Final Prices for Trading on 07.07.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.71	17.80	17.80
0100	17.71	17.80	17.80
0130	17.71	17.70	17.70
0200	17.71	17.70	17.70
0230	17.71	17.75	17.75
0300	17.71	17.75	17.75
0330	17.71	17.75	17.75
0400	17.71	17.75	17.75
0430	17.71	17.75	17.76
0500	17.71	17.75	17.75
0530	17.71	17.70	17.70
0600	17.70	17.70	17.70
0630	17.70	17.75	17.75
0700	20.33	19.30	19.30
0730	22.90	25.75	27.98
0800	24.17	25.75	27.84
0830	24.74	27.99	30.23
0900	26.06	28.00	30.22
0930	26.68	28.04	30.22
1000	26.68	28.04	30.20
1030	26.68	28.04	30.18
1100	26.68	28.04	30.16
1130	26.68	28.05	30.17
1200	26.68	28.06	30.16
1230	26.68	28.05	30.16
1300	33.81	28.04	30.15
1330	26.08	27.99	30.12
1400	26.08	27.99	30.12
1430	26.06	27.98	30.12
1500	26.05	25.76	27.83
1530	24.50	25.76	27.83
1600	26.05	28.00	30.13
1630	24.74	28.04	30.17
1700	27.99	28.05	30.16
1730	27.99	28.03	30.15
1800	26.05	28.01	30.16
1830	24.95	25.75	27.86
1900	24.17	25.75	27.87
1930	23.09	25.75	27.89
2000	22.89	24.62	26.73
2030	21.87	22.94	25.00
2100	21.95	22.94	25.00
2130	27.98	24.25	26.36
2200	33.68	28.00	30.21
2230	27.98	28.00	30.09
2300	22.42	26.00	28.00
2330	21.37	21.90	21.90
2400	17.71	18.50	18.50

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-458786 between 8.30am and 5.15pm Monday to Friday.

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FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, August 3, 1992. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	51.5852	34.9471	40.5515
Albania	(Lek)	211.42	109.886	74.4436	86.382
Algeria	(Dinar)	39.6893	20.6285	13.9751	16.2162
Andorra	(Fr Fr)	9.5950	4.987	3.3785	3.9203
	(Sp Peseta)	180.85	93.9968	63.6795	73.8917
Angola	(Kwanza)	1052.61	547.095	370.637	430.076
Antigua	(E Carr $)	5.1894	2.6971	1.8272	2.1202
Argentina	(Peso)	1.9035	0.9893	0.6702	0.7777
Aruba	(Florin)	3.4405	1.7882	1.2114	1.4057
Australia	(Aus $)	2.5820	1.3419	0.9091	1.0549
Austria	(Schilling)	20.005	10.3976	7.044	8.1736
Azores	(Port Escudo)	242.10	125.832	85.2464	98.9172
Bahamas	(Bahama $)	1.9240	1	0.6774	0.7861
Bahrain	(Dinar)	0.7266	0.3776	0.2558	0.2968
Balearic Is	(Sp Peseta)	180.85	93.9968	63.6795	73.8917
Bangladesh	(Taka)	74.3814	38.6597	26.1906	30.3907
Barbados	(Barb $)	3.8657	2.0091	1.3611	1.5794
Belgium	(Belg Fr)	58.65	30.4833	20.6514	23.9632
Belize	(B $)	3.8440	1.9979	1.3535	1.5705
Benin	(CFA Fr)	479.75	249.35	168.926	196.016
Bermuda	(Bermudian $)	1.9240	1	0.6774	0.7861
Bhutan	(Ngultrum)	54.36	28.2536	19.1408	22.2104
Bolivia	(Boliviano)	7.5246	3.9109	2.6495	3.0744
Botswana	(Pula)	3.9718	2.0643	1.3985	1.6227
Brazil	(Cruzeiro)	8085.25	4202.31	2846.92	3303.47
Brunei	(Brunei $)	3.0952	1.6087	1.0898	1.2646
Bulgaria	(Lev)	40.00	20.79	14.0845	16.3432
Burkina Faso	(CFA Fr)	479.75	249.35	168.926	196.016
Burma	(Kyat)	11.2275	5.8354	3.9533	4.5873
Burundi	(Burundi Fr)	394.50	205.042	138.908	161.185
Cambodia	(Riel)	1633.70	849.116	575.246	667.497
Cameroon	(CFA Fr)	479.75	249.35	168.926	196.016
Canada	(Canadian $)	2.2785	1.1842	0.8022	0.9309
Canary Is	(Sp Peseta)	180.85	93.9968	63.6795	73.8917
Cp. Verde	(CV Escudo)	122.6813	63.7636	43.1976	50.1251
Cayman Is	(CI $)	1.6337	0.8491	0.5752	0.6674
Cent.Afr. Rep	(CFA Fr)	479.75	249.35	168.926	196.016
Chad	(CFA Fr)	479.75	249.35	168.926	196.016
Chile	(Chilean Peso)	700.91	364.298	246.799	286.378
China	(Renminbi Yuan)	10.4660	5.4397	3.6852	4.2762
Colombia	(Col Peso)	1197.23	622.261	421.56	489.164
CIS	(Rouble)	1.0538o	0.5477	0.371	0.4305
		308.59m	160.39	108.658	126.084
Comoros	(CFA Fr)	479.75	249.35	168.926	196.016
Congo (Brazz)	(CFA Fr)	479.75	249.35	168.926	196.016
Costa Rica	(Colon)	259.47	134.86	91.3626	106.014
Côte d'Ivoire	(CFA Fr)	479.75	249.35	168.926	196.016
Cuba	(Cuban Peso)	1.4557	0.7566	0.5125	0.5947
Cyprus	(Cyprus £)	0.8100	0.4209	0.2852	0.3309
Czechoslovakia	(Koruna)	52.73c	27.4064	18.5669	21.5444
		50.90t	26.4553	17.9225	20.7967
Denmark	(Danish Kroner)	10.9375	5.6847	3.8512	4.4688
Djibouti Rep	(Djib Fr)	338.00	175.676	119.014	138.1
Dominica	(E Carrib $)	5.1894	2.6971	1.8272	2.1202
Dominican Rep	(D Peso)	25.2263	13.1113	8.8825	10.3069
Ecuador	(Sucre)	2780.3o	1445.06	978.979	1135.98
		2928.85a	1522.27	1031.29	1196.67
Egypt	(Egyptian £)	6.3950	3.3238	2.2517	2.6128
El Salvador	(Colon)	15.40	8.0041	5.4225	6.2921
Equat'l Guinea	(CFA Fr)	479.75	249.35	168.926	196.016
Ethiopia	(Ethiopian Birr)	3.9562	2.0562	1.393	1.6164
Falkland Is	(Falk £)	1.00	0.5197	0.3521	0.4085
Faroe Is	(Danish Kroner)	10.9375	5.6847	3.8512	4.4688
Fiji Is	(Fiji $)	2.8310	1.4714	0.9968	1.1566
Finland	(Markka)	7.7867	4.0471	2.7417	3.1814
France	(Fr)	9.5950	4.987	3.3785	3.9203
Fr. Cty/Africa	(CFA Fr)	479.75	249.35	168.926	196.016
Fr. Guiana	(Local Fr)	9.5950	4.987	3.3785	3.9203
Fr. Pacific Is	(CFP Fr)	173.00	89.9168	60.9154	70.6843
Gabon	(CFA Fr)	479.75	249.35	168.926	196.016
Gambia	(Dalasi)	17.3614	9.0235	6.1131	7.0935
Germany	(D-Mark)	2.8400	1.476	1	1.1603

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	787.734	409.425	277.371	321.853
Gibraltar	(Gib £)	1.00	0.5197	0.3521	0.4085
Greece	(Drachma)	349.225	181.51	122.967	142.686
Greenland	(Danish Krone)	10.9375	5.6847	3.8512	4.4688
Grenada	(E Carr $)	5.1894	2.6971	1.8272	2.1202
Guadaloupe	(Local Fr)	9.5950	4.987	3.3785	3.9203
Guam	(US $)	1.9240	1	0.6774	0.7861
Guatemala	(Quetzal)	9.9220	5.1569	3.4936	4.0539
Guinea	(Fr)	1561.22	811.445	549.725	637.884
Guinea-Bissau	(Peso)	9610.00	4994.8	3383.8	3926.46
Guyana	(Guyanese $)	237.56	123.472	83.6478	97.0623
Haiti	(Goude)	9.6100	5	3.3838	3.9264
Honduras	(Lempira)	10.632	5.5259	3.7436	4.344
Hong Kong	(HK $)	14.8543	7.7205	5.2303	6.0691
Hungary	(Forint)	148.8012	77.3395	52.3947	60.7972
Iceland	(Icelandic Krona)	104.66	54.397	36.8521	42.762
India	(Indian Rupee)	54.36	28.2536	19.1408	22.2104
Indonesia	(Rupiah)	3924.72	2039.88	1381.94	1603.56
Iran	(Rial)	2717.00v	1412.16	956.69	1110.11
		121.35o	63.0717	42.7288	49.5812
Iraq	(Iraqi Dinar)	0.5936	0.3085	0.209	0.2425
Irish Rep	(Punt)	1.0675	0.5548	0.3758	0.4361
Israel	(Shekel)	4.6700	2.4272	1.6443	1.908
Italy	(Lira)	2145.25	1114.99	755.37	876.507
Jamaica	(Jamaican $)	43.34	22.5259	15.2605	17.7078
Japan	(Yen)	244.75	127.209	86.1795	100
Jordan	(Jordanian Dinar)	1.2807	0.6656	0.4509	0.5232
Kenya	(Kenya Shilling)	62.7149	32.5961	22.0827	25.624
Kiribati	(Australian $)	2.5820	1.3419	0.9091	1.0549
Korea North	(Won)	4.1323	2.1477	1.455	1.6883
Korea South	(Won)	1515.37	787.614	533.581	619.15
Kuwait	(Kuwaiti Dinar)	0.5637	0.2929	0.1984	0.2303
Laos	(New Kip)	1374.23	714.257	483.884	561.483
Lebanon	(Lebanese £)	4229.80	2198.44	1489.37	1728.21
Lesotho	(Maluti)	5.3057	2.7576	1.8682	2.1678
Liberia	(Liberian $)	1.9240	1	0.6774	0.7861
Libya	(Libyan Dinar)	0.5103	0.2652	0.1796	0.2084
Liechtenstein	(Swiss Fr)	2.5375	1.3188	0.8934	1.0367
Luxembourg	(Lux Fr)	58.50	30.4054	20.5985	23.9019
Macao	(Pataca)	15.3583	7.9824	5.4078	6.275
Madagascar	(MG Fr)	3062.71	1591.85	1078.42	1251.36
Madeira	(Port Escudo)	242.10	125.832	85.2464	98.9172
Malawi	(Kwacha)	7.4765	3.8859	2.6325	3.0547
Malaysia	(Ringgit)	4.805	2.4974	1.6919	1.9632
Maldive Is	(Rufiya)	19.7582	10.2693	6.9571	8.0728
Mali Rep	(CFA Fr)	479.75	249.35	168.926	196.016
Malta	(Maltese £)	0.5690	0.2957	0.2003	0.2324
Martinique	(Local Fr)	9.5950	4.987	3.3785	3.9203
Mauritania	(Ouguiya)	155.4706	80.8059	54.7431	63.5222
Mauritius	(Maur Rupee)	28.5033	14.8146	10.0363	11.6458
Mexico	(Mexican Peso)	5769.3	2998.6	2031.44	2357.22
Miquelon	(Local Fr)	9.5950	4.987	3.3785	3.9203
Monaco	(French Fr)	9.5950	4.987	3.3785	3.9203
Mongolia	(Tugrik)	76.8800	39.9584	27.0704	31.4116
Montserrat	(E Carr $)	5.1894	2.6971	1.8272	2.1202
Morocco	(Dirham)	15.43	8.0197	5.433	6.3043
Mozambique	(Metical)	5462.92	2839.36	1923.56	2232.04
Namibia	(S A Rand)	5.3057	2.7576	1.8682	2.1678
Nauru Is	(Australian $)	2.5820	1.3419	0.9091	1.0549
Nepal	(Nepalese Rupee)	89.6229	46.5815	31.5573	36.6181
Netherlands	(Guilder)	3.2050	1.6658	1.1285	1.3094
N'nd Antilles	(A/Guilder)	3.4404	1.7881	1.2114	1.4056
New Zealand	(NZ $)	3.529	1.8341	1.2426	1.4418
Nicaragua	(Gold Cordoba)	9.6100	4.9948	3.3838	3.9264
Niger Rep	(CFA Fr)	479.75	249.35	168.926	196.016
Nigeria	(Naira)	35.4417	18.45	12.4794	14.4807
Norway	(Nor. Krone)	11.1725	5.8069	3.9339	4.5648
Oman	(Rial Omani)	0.7420	0.3856	0.2612	0.3031

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	48.20	25.0519	16.9718	19.6935
Panama	(Balboa)	1.9240	1	0.6774	0.7861
Papua New Guinea	(Kina)	1.8415	0.9571	0.6484	0.7524
Paraguay	(Guarani)	2842.51	1477.4	1000.88	1161.39
Peru	(New Sol)	2.3700	1.2318	0.8345	0.9683
Philippines	(Peso)	46.575	24.2073	16.3996	19.0296
Pitcairn Is	(£ Sterling)	1.00	0.5197	0.3521	0.4085
	(NZ $)	3.529	1.8341	1.2426	1.4418
Poland	(Zloty)	26090.00	13560.3	9186.62	10659.9
Portugal	(Escudo)	242.10	125.832	85.2464	98.9172
Puerto Rico	(US $)	1.9240	1	0.6774	0.7861
Qatar	(Riyal)	7.0150	3.646	2.47	2.8661
Reunion Is. de la	(F/Fr)	9.5950	4.987	3.3785	3.9203
Romania	(Leu)	700.38q	364.023	246.613	286.161
Rwanda	(Fr)	266.43	138.477	93.8133	108.858
St Christopher	(E Carr $)	5.1894	2.6971	1.8272	2.1202
St Helena	(£)	1.00	0.5197	0.3521	0.4085
St Lucia	(E Carr $)	5.1894	2.6971	1.8272	2.1202
St Pierre	(French Fr)	9.5950	4.987	3.3785	3.9203
St Vincent	(E Carr $)	5.1894	2.6971	1.8272	2.1202
San Marino	(Italian Lira)	2145.25	1114.99	755.37	876.507
Sao Tome	(Dobra)	461.28	239.751	162.423	188.47
Saudi Arabia	(Riyal)	7.2275	3.7564	2.5448	2.953
Senegal	(CFA Fr)	479.75	249.35	168.926	196.016
Seychelles	(Rupee)	9.4947	4.9348	3.3432	3.8793
Sierra Leone	(Leone)	813.35	422.739	286.391	332.319
Singapore	($)	3.0952	1.6087	1.0898	1.2646
Solomon Is	($)	5.6235	2.9228	1.9801	2.2976
Somali Rep	(Shilling)	5035.64	2617.28	1773.11	2057.46
South Africa	(Rand)	5.3057c	2.7576	1.8682	2.1678
		7.4377g	3.8657	2.6189	3.0388
Spain	(Peseta)	180.85	93.9968	63.6795	73.8917
Spanish Ports in N Africa	(Sp Peseta)	180.85	93.9968	63.6795	73.8917
Sri Lanka	(Rupee)	84.68	44.0124	29.8169	34.5985
Sudan Rep	(Dinar)	19.22	9.9896	6.7676	7.8529
Surinam	(Guilder)	3.4308	1.7831	1.208	1.4017
Swaziland	(Lilangeni)	5.3057	2.7576	1.8682	2.1678
Sweden	(Krona)	10.3225	5.3651	3.6346	4.2175
Switzerland	(Fr)	2.5375	1.3188	0.8934	1.0367
Syria	(£)	38.9205	20.2289	13.7044	15.9021
Taiwan	($)	48.0	24.948	16.9014	19.6118
Tanzania	(Shilling)	612.1570	318.169	215.548	250.115
Thailand	(Baht)	48.7	25.3118	17.1478	19.8978
Togo Rep	(CFA Fr)	479.75	249.35	168.926	196.016
Tonga Is	(Pa Anga)	2.582	1.3419	0.9091	1.0549
Trinidad/Tobago	($)	8.1685	4.2455	2.8762	3.3374
Tunisia	(Dinar)	1.6051	0.8342	0.5651	0.6558
Turkey	(Lira)	13764.44	7154.07	4846.63	5623.88
Turks & Caicos	(US $)	1.9240	1	0.6774	0.7861
Tuvalu	(Australian $)	2.5820	1.3419	0.9091	1.0549
Uganda	(New Shilling)	2278.40	1184.2	802.254	930.909
U A E	(Dirham)	7.0777	3.6786	2.4921	2.8918
United Kingdom	(£)	1.00	0.5197	0.3521	0.4085
United States	(US $)	1.9240	1	0.6774	0.7861
Uruguay	(Peso)	5981.49	3108.88	2106.16	2443.92
Vanuatu	(Vatu)	210.72	109.522	74.1971	86.096
Vatican	(Lira)	2145.25	1114.99	755.37	876.507
Venezuela	(Bolivar)	129.590	67.3544	45.6302	52.9479
Vietnam	(Dong)	21257.32	11048.5	7484.97	8685.32
Virgin Is-British	(US $)	1.9240	1	0.6774	0.7861
Virgin Is-US	(US $)	1.9240	1	0.6774	0.7861
Western Samoa	(Tala)	4.7327	2.4598	1.6664	1.9336
Yemen (Rep of)	(Rial)	30.8481	16.0333	10.862	12.6039
Yemen (Rep of)	(Dinar)	0.8937	0.4645	0.3146	0.3651
Yugoslavia	(Dinar)	387.0345	201.161	136.28	158.135
Zaire Rep	(Zaire)	1242553.0	645818	437519	507683
Zambia	(Kwacha)	328.18	170.572	115.556	134.088
Zimbabwe	($)	9.4659	4.9199	3.333	3.8675

Special Drawing Rights July 31, 1992 United Kingdom £0.752441 United States $1.44416 Germany D Mark 2.13591 Japan Yen183.697
European Currency Unit Rates August 3, 1992 United Kingdom £0.718202 United States $1.38053 Germany D Mark 2.04111 Japan Yen175.672

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate;
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday August 3, 1992

INTERNATIONAL CAPITAL MARKETS

European bond investors take heart from French poll

By Richard Waters and Tracy Corrigan in London, and Patrick Harverson in New York

FRENCH voters sent a strong, positive message to European bond investors yesterday, helping to repair some of the damage done in all the major European government markets last week. According to the latest official poll, 57 per cent of voters intend to back the Maastricht proposals on economic and monetary union at the referendum on September 20.

The French bond market itself was one of the strongest gainers. Bond prices leapt by up to a point, pushing the yield on the 10-year benchmark OAT due 2002 down to 9.11 per cent, compared with 9.24 per cent at the end of last week. This helped to narrow the gap between French and German bond yields, although at around 95 basis points the differential reflects concern about the September referendum.

■ IN THE Italian market, the news from France put further weight behind a strong rally which had been under way since trading opened. After the gloom of recent weeks, prompted by fears of a lira devaluation, the market was cheered by the first concrete sign that the new Italian administration may be able to achieve economic reform,

GOVERNMENT BONDS

rather than simply talk about it. This was the deal, agreed with trade unions, to scrap the scala mobile, which automatically inflation-proofs the wages of Italian workers.

The Italian bond futures contract on Liffe gained two points on the day. Having ended last week at 91.58, the contract opened higher at 92.10 and, with over 30,000 contracts traded during the day, settled at around 93.59 by the close.

In a surprise move after the markets had closed, the Bank of Italy took the opportunity to cut its discount rate – raised twice in recent weeks to defend the lira – to 13.25 per cent from 13.75 per cent. It also cut the Italian Lombard rate from 15.25 per cent to 14.75 per cent.

■ GERMAN government bonds also bounced sharply yesterday after last week's losses, thanks both to the news from France and a technical rally in the futures market. On Liffe, the bund futures contract, which had opened at 86.58, jumped to nearly 87.00 before settling at around 86.93 for the day.

However, an issue of 10-year bonds due tomorrow from the Bundespost is likely to hold back any further gains. The German postal authority is expected to raise between DM4bn and DM6bn, issuing bonds at par with a coupon of 8¼ per cent.

■ IN THE UK, gilts ended half a point higher after a weak start, as traders pushed prices higher on news of the French poll. With little domestic news on the horizon, traders were pleased to find a reason to push the market higher, after its recent weak performance. However, the rally did not appear to spark substantial investor interest.

Comments by prime minister John Major over the weekend, which stressed his commitment to maintaining the strength of the pound, did not influencethe gilts market.

On the London International Financial Futures and Options Exchange, the gilt future contract closed at 97.06, up ¾ point on Friday's close.

■ US Treasury prices were little changed across the maturity range yesterday in the wake of a purchasing managers' report that reaffirmed the softness in the economy.

In late trading, the benchmark 30-year government bond was up ⅛ at 106⅛, to yield 7.445 per cent, having recovered from early weakness. The two-year note was up $\frac{1}{32}$ at 99$\frac{21}{32}$, yielding 4.382.

The market was looking for a direction in early trading but the report from the National Association of Purchasing Management that its index improved marginally to 54.2 in July (from 52.8 in June) provided little inspiration for investors. The figure was in line with expectations, although analysts noted the decline in the NAPM index's employment component suggested July's employment report, out on Friday, could show continued weakness in the labour market.

The only other feature of the morning was some selling of short and intermediate-dated securities as players continued to make room for last week's auctioned issues of two-year and five-year Treasuries.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	111.4489	-	8.31	8.56	8.70
BELGIUM		9.000	06/01	99.4500	+0.300	9.09	8.97	8.81
CANADA *		8.500	04/02	107.3000	-0.050	7.43	7.60	7.82
DENMARK		9.000	11/00	97.0000	+0.300	9.52	9.31	8.97
FRANCE	BTAN	8.500	03/97	96.3980	+0.458	9.47	9.40	8.90
	OAT	8.500	11/02	96.2300	+0.840	9.06	9.03	8.69
GERMANY		8.000	01/02	96.9650	+0.405	8.15	8.08	7.96
ITALY		12.000	05/02	93.0500	+1.875	13.72†	13.91	13.44
JAPAN	No 119	4.800	06/99	98.9757	-	5.00	5.12	5.40
	No 128	6.400	03/00	108.0028	-	4.95	4.98	5.21
NETHERLANDS		8.250	02/02	96.7800	+0.190	8.43	8.37	8.28
SPAIN		11.300	01/02	93.7500	+0.850	12.42	12.42	11.83
UK GILTS		10.000	11/96	101-13	+3/32	9.58	9.35	9.01
		9.750	08/02	103-05	+12/32	9.26	9.08	8.96
		9.000	10/08	100-00	+17/32	9.00	8.89	8.78
US TREASURY *		7.500	05/02	105-17	-0/32	6.71	6.89	6.92
		8.000	11/21	106-14	+3/32	7.45	7.55	7.83
ECU (French Govt)		8.500	03/02	93.4500	+0.530	9.56	9.43	8.88

London closing, *denotes New York closing. Yields: Local market standard

† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)

Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Syndicated loans sector tapped by EC for Ecu499m

By Sara Webb

THE EUROPEAN Community is tapping the international syndicated loans market for the first time in a decade – and at the most tightly priced terms in recent loans history.

The Ecu499m, three-year loan, which is being arranged by Crédit Lyonnais, carries a margin of 3.125 basis points – or $\frac{1}{32}$ of a percentage point over the London interbank offered rate (Libor). In addition, the participating banks will receive fees of 10 basis points.

As recently as last week, bankers forecast that the EC would probably have to pay a margin of between 10 and 20 basis points over Libor. Pricing in terms of margins and fees has climbed steadily over the last two to three years, reflecting bankers' concern over the cost of capital. However, as one German banker pointed out, the EC is a triple A rated borrower which is zero risk weighted for capital adequacy purposes.

The EC traditionally prefers to borrow in the international bond markets where it can raise funds at sub-Libor rates. In this case it has had no choice but to tap the syndicated loans sector and risk paying a higher interest rate. That is because the proceeds of the loan will be used to finance imports of agricultural and medical products by the former Soviet republics."It was necessary to have the flexibility to accommodate the way the funds are going to be used," said Mr Antoine Albert Bloch, the EC head of borrowing, yesterday.

In contrast to a bond where all the proceeds are paid at once, with a loan the borrower can draw the proceeds as and when they are required.

Bankers yesterday described the loans pricing as "tight".

The facility is due to be signed on August 14 and may be drawn with effect from August 20.

The EC last tapped the international syndicated loans market in 1983 with a $1.24bn term loan.

IADB set to launch $500m offer

By Tracy Corrigan

THE Inter-American Development Bank (IADB) plans to launch a $500m offering of long-dated bonds later this month. The agency, which has not yet decided whether to tap the US Yankee or the Eurobond market, will take bids this week from seven firms under the new syndicate structure set up in May.

The IADB has so far raised $2.6bn of its $5.5bn borrowing programme this financial year, which runs to the end of the calendar year. Of the agency's remaining $2.9bn funding requirement, the IADB needs about $800m in dollars, $1.2bn in yen and $900m in D-Marks

INTERNATIONAL BONDS

or Swiss francs, according to Mr Carlos Santistevan, treasurer. However, the agency may borrow in other markets and swap the proceeds into the required currencies.

Elsewhere, the Eurobond market started August, traditionally its quietest month, in a subdued manner. Abbey National took advantage of stronger demand for floating-rate paper to launch a $100m structured FRN, arranged by Merrill Lynch, with a minimum coupon of 5 per cent, and a step-up maximum coupon.

Mitsubishi Bank raised $520m of lower tier 2 capital through two offerings of fixed-rate subordinated bonds via a financial subsidiary.

● British Gas announced plans to set up an Ecu1.5bn Euro-medium term note programme, to be signed in early autumn.

The company's first MTN programme, arranged by Swiss Bank Corporation, represents "an extension of the facilities available for funding," said Mr Arthur Burgess, group treasurer of British Gas. The company will channel some of the funding it has previously carried out in the Eurobond market through the programme.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
MBL Fin.(Curacao)(a)†	390	6⅞	100	2003	2/1¼	Mitsubishi Fin.Intl.
MBL Fin.(Curacao)(b)†	130	6¾	100	2002	2/1¼	Mitsubishi Fin.Intl.
Abbey Nat.Treas.Ser.(d)‡†	100	(d)	100	1997	37.5bp	Merrill Lynch Intl.
YEN						
Hankyu Dept.Stores.(c)‡†	12.5bn	(c)	100	1997	-	Banca Del Gottardo

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Tranche A of $520 issue. Callable at par from 18/3/1998. b) Tranche B of $520m issue. callable at par from 18/8/1997. c) Coupon pays 3 month Yen Libor plus 30%. Non-callable. d) Coupon pays 12.5 bp below 6 month Libor. Minimum interest of 5% or maximum of 8% for years 1 & 2, Maximum of 7% years 3 & 4 and maximum of 8% for year 5.

ACIL faces repayments of A$19.2m after ruling

By Tracy Corrigan in London and Bruce Jacques in Sydney

AUSTRALIAN Consolidated Investments (ACIL), the Australian investment company which owns Bell Resources, faces repayments of A$19.2m plus interest to European retail investors, following a decision in the British Court of Appeal last week.

The court found that the issuer's option to call a $200m convertible Eurobond issued by Bell Resources Financial Services did not override the investors' put option, set at a higher price.

"We believe the decision removes a degree of uncertainty from the market [for investors holding bonds with put options]," said Mr David Newport, an executive in the distressed debt division of Bankers Trust, which acted in conjunction with the Law Debenture Trust Corporation on behalf of bondholders.

Burton, the UK retailer, has already amended the documentation of a similar deal, to clarify bondholders' rights to exercise the put option, he added.

Directors of ACIL may seek leave to appeal against the decision in the House of Lords, following last week's overturning in the Court or Appeal of an earlier decision in the High Court in 1991.

ACIL directors said yesterday that, acting on legal advice, they had not provided for the $A19.2m in the company's latest accounts. "The company is obtaining legal advice as to its legal position, including the prospects of appeal to the House of Lords," they said.

The dispute arose when bondholders last year tried to exercise the put option providing for early repayment of principal at 117.7 per cent of par value on November 13, 1991. Instead, bonds were redeemed at 103 per cent of their par value, when the company exercised its call option.

Jakarta brokers issue warning on regulation

By William Keeling in Jakarta

A REGULATION forcing brokers to complete settlement four business days after trading could lead to some securities houses being suspended, brokers in Jakarta have warned.

The regulation, which came into force yesterday, was drafted by Bursa Efek Jakarta (BEJ), the private managers of the Jakarta stock exchange. Under it, securities houses failing to settle or report to BEJ within the four-day period face suspension while settlement remains outstanding.

"The aim is to nip in the bud incipient skulduggery. It doesn't, however, take into account how long settlement can take," explained one foreign broker. Most brokers accept some delays in payment or receiving share certificates as inevitable.

The Jakarta stock exchange is not computerised and clearing relies upon Jakarta's banks.

Futures funds industry welcomes CFTC decision

By Barbara Durr in Chicago

THE MANAGED futures funds industry has welcomed last week's decision by the Commodity Futures Trading Commission (CFTC) to ease regulations on sophisticated investors who participate in commodity pools and funds.

Known as rule 4.7, the measure exempts highly-accredited investors, or what the CFTC calls "qualified eligible participants," from the normal rigorous and time-consuming disclosure, reporting and record-keeping requirements that would apply for such investments.

The industry had long pressed for the rule change, which is comparable to the Securities and Exchange Commission's "accredited investor" rule, applicable for securities investments exclusively regulated by the SEC. Commodities pools and funds are jointly regulated because, while they contain futures, they are securities vehicles.

The CFTC's original proposal for rule 4.7 included a stricter definition of qualified eligible participants. Individual investors had to have at least $5m in assets, and at least $1m in initial margin monies on deposit with futures brokers. These amounts have now been reduced to $2m in assets and $200,000 in margins.

For institutional investors, the original proposal required $10m in assets. This has been reduced to $5m. In addition, foreign investors can now be defined as qualified eligible participants even without passing the asset tests.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on August 3

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	107¼	108	-⅛	5.20
ALBERTA PROVINCE 9 3/8 95	600	110¾	111	-⅛	5.63
AUSTRIA 8 1/2 00	400	109½	109⅞	-⅛	6.82
BANK OF TOKYO 8 3/8 96	100	106⅞	107⅜	-⅛	6.20
BELGIUM 9 5/8 98	250	114½	114⅞	-⅛	6.59
BFCE 7 3/4 97	150	105¾	106¼	-⅛	6.26
BNP 8 5/8 94	300	107	107⅜	-⅛	4.87
BRITISH GAS 8 3/8 99	350	108½	109	-⅛	6.82
CANADA 9 96	1000	110¾	111¼	-⅛	5.57
CCCE 9 1/4 95	300	109½	110	-⅛	5.19
CIA NAVIERA PEREZ 9 96	100	98¾	99½	+⅛	9.57
COUNCIL EUROPE 8 96	100	105⅞	106½	-⅛	6.29
CREDIT FONCIER 9 1/2 99	300	114¼	114¾	-⅛	6.70
DENMARK 8 1/4 94	150	106½	106⅞	-⅛	4.82
DENMARK 9 1/4 95	1571	109⅝	109⅞	-⅛	5.22
ECSC 8 1/4 96	193	107½	108¼	-⅛	6.21
EEC 8 1/4 96	100	107¾	108¼	-⅛	5.95
EIB 7 3/4 96	250	106⅜	106⅞	-⅛	5.88
EIB 9 1/4 97	1000	113¼	113⅝	-⅛	6.22
ELEC DE FRANCE 9 98	200	111¼	111¾	-⅛	6.50
EURO CRED CARD TST 9 94	325	106⅝	107⅛	-⅛	5.69
EUROFIMA 9 1/4 96	100	110¾	111¼	-⅛	5.95
EXPORT DEV CORP 9 1/2 98	150	114	114⅜	-⅛	6.58
FINLAND 7 7/8 97	200	105⅝	106½	-⅛	6.38
FINNISH EXPORT 9 3/8 95	200	110⅝	111	-⅛	5.67
FORD CAPITAL 9 3/4 97	250	111½	112	-⅛	6.89
GEN ELEC CAPITAL 9 3/8 96	300	111⅛	111⅝	-⅛	6.04
GMAC 9 1/8 96	200	108	108½	-⅛	6.54
GUINNESS FINANCE 8 94	200	105⅝	106⅛	-⅛	4.88
IBM INTL FIN 7 3/4 94	200	104⅞	105⅜	-⅛	4.69
IND BK JAPAN FIN 7 7/8 97	200	105¼	105⅞	-⅛	6.53
INTER AMER DEV 7 5/8 96	200	106⅛	106⅝	-⅛	5.86
ITALY 8 1/2 94	1500	107⅞	108⅛	-⅛	4.68
JAPAN DEV BK 8 94	150	105½	106	-⅛	4.72
KANSAI ELEC PWR 10 96	350	112¾	113¼	-⅛	5.99
LTCB FIN 8 97	200	105¼	105⅞	-⅛	6.58
NEW ZEALAND 9 94	850	107⅞	108¼	-⅛	4.91
NIPPON CRED BK 10 3/8 95	150	110⅝	111⅛	-⅛	6.28
NIPPON TEL & TEL 9 3/8 95	200	109⅜	109⅞	-⅛	5.37
ONTARIO 8 1/2 01	600	107⅛	107⅝	-⅛	7.32
ONTARIO HYDRO 11 5/8 94	200	109¾	110¼		4.76
OSTER KONTROLLBANK 8 1/2 01	200	108¾	109¼	-⅛	7.09
PETRO-CANADA 7 1/4 96	200	104⅛	105⅛	-⅛	5.99
QUEBEC HYDRO 9 3/4 98	150	113⅛	114⅛		6.97
QUEBEC PROV 9 98	200	109⅞	110⅜	-⅛	6.86
SAINSBURY 9 1/8 96	150	109⅞	110⅜	-⅛	6.34
SAS 10 99	200	110½	111⅛	-⅛	7.87
SBAB 9 1/2 95	500	109⅞	110⅜	-⅛	5.61
SNCF 9 1/2 98	150	114	114½	-⅛	6.58
STATE BK NSW 8 1/2 96	200	107½	108¼	-⅛	6.27
SWEDISH EXPORT 8 3/8 96	700	108⅛	108⅝	-⅛	5.77
TOKYO ELEC POWER 8 3/4 96	300	109⅜	109¾	-⅛	6.07
TOKYO METROPOLIS 8 1/4 96	200	108¼	108⅝	-⅛	5.99
WORLD BANK 8 3/8 99	1500	110¼	110⅝	-⅛	6.68
WORLD BANK 8 3/4 97	1500	111¼	111⅝	-⅛	6.02
XEROX CORPN 8 3/8 96	100	106¾	107¼		6.63

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN AMRO 8 1/2 96	500	99⅛	99⅝	-⅛	8.55
AUSTRIA 6 3/4 99	750	91⅞	92⅜		8.37
BNP 8 1/4 01	200	99¾	100¼		8.28
DEUTSCHE FINANCE 7 1/2 95	1000	97	97¼	-⅛	8.87
EIB 5 3/4 98	400	89½	89⅞	-⅛	8.15
EIB 6 1/4 99	600	90⅞	91¼	-⅛	8.10
EUROFIMA 8 3/4 96	400	101	101½	-⅛	8.44
FIRST INTERSTATE 5 3/4 96	100	86¼	86¾	+⅛	10.33
IND BK JAPAN FIN 5 5/8 96	200	89	89	-⅛	9.23
INTER AMER DEV 9 00	300	104¼	104⅝	-⅛	8.28
IRELAND 6 1/2 99	300	90⅛	90⅝	-⅛	8.51
LUFTHANSA INT FIN 5 7/8 98	500	86¼	86¾		9.02
NAT BK HUNGARY 10 3/4 98	500	99⅝	100¼	-⅛	10.81
QUEBEC HYDRO 8 5/8 01	600	101⅛	101½	-⅛	8.43
SWEDEN 6 1/8 98	300	89⅞	90		8.48
TURKEY 10 3/4 96	500	100	100½	-⅛	10.72
WORLD BANK 0 15	2000	18⅞	19⅛	+⅛	7.39
WORLD BANK 5 3/4 96	300	93¼	93¾	-⅛	7.95
WORLD BANK 8 3/4 00	1250	103⅞	104¼	-⅛	8.07

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	87¼	88		7.28
AUSTRIA 4 5/8 98	100	89½	90	-⅛	6.97
CHUBU ELEC POWER 6 3/4 01	300	97	98		7.22
COUNCIL EUROPE 4 3/4 98	250	88½	89½	-⅛	7.34
EEC 5 1/2 00	100	89	90	-1½	7.30
EIB 6 1/2 98	800	97½	97¾	-⅛	7.02
ELEC DE FRANCE 7 1/4 06	100	100¾	101½	-⅛	7.15
FINLAND 5 3/8 95	150	94	94½	-⅛	7.52
GENERAL MOTORS 7 1/2 95	100	99½	100½	-1	7.69
JAPAN DEV BK 5 1/2 94	100	96¼	97	+⅛	8.19
KOBE 6 3/8 01	240	94	94¾		7.31
NEW ZEALAND 4 7/8 99	200	86¼	87¼	-⅛	7.52
QUEBEC HYDRO 5 08	100	72½	73		8.17
WORLD BANK 5 03	150	84	84½		7.15
WORLD BANK 7 01	600	100⅞	101	-⅛	6.85

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	100⅞	101		4.19
CREDIT FONCIER 5 1/4 94	20000	101⅝	102⅛		4.50
DENMARK 7 95	40000	106	106¼		4.39
EIB 4 5/8 94	40000	101⅜	101⅝		3.79
ELEC DE FRANCE 5 5/8 96	20000	103½	103⅞		4.69
FINLAND 6 3/4 96	50000	105¾	106	-⅛	4.97
INTER AMER DEV 7 1/4 00	30000	110⅞	111⅛	-⅛	5.49
KANSAI ELEC PWR 4 5/8 94	60000	100⅜	100⅝		4.39
NIPPON TEL & TEL 5 7/8 96	50000	103¼	103½	-⅛	4.98
NORWAY 5 1/8 95	50000	101⅜	101⅞	-⅛	4.46
SNCF 6 3/4 00	30000	108¼	108⅝	-⅛	5.41
SWEDEN 5 5/8 95	20000	102⅞	102⅞		4.79
WORLD BANK 6 3/4 00	50000	108⅝	108⅞	-⅛	5.34

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

* No information available - previous day's price

‡ Only one market maker supplied a price

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	24	36	16
Other Fixed Interest	3	0	12
Commercial, Industrial	277	255	908
Financial & Property	68	145	581
Oil & Gas	13	13	60
Plantations	0	1	8
Mines	10	31	108
Others	33	29	72
Totals	428	510	1,765

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
100	Nil	11/9	¼pm	¼pm	Finlan	¼pm	
5p	Nil	11/8	1pm	½pm	Hobson	½pm	
385	Nil	9/9	63pm	60pm	Jeyes	62pm	-1
100	Nil	8/9	18pm	11pm	Kode International	11pm	
650	Nil	14/9	80pm	68pm	ML Laboratories	68pm	
15	Nil	1/9	1½pm	½pm	Marling Industries	½pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. O Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. § Offered to holders of ordinary shares as a "rights". † Introduction. ‡ Placing price. ‡‡ Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ♦ Units comprising 1 Ord. and 1 Zero Div. Pref. share.

TRADITIONAL OPTIONS

- First Dealings Aug. 3
- Last Dealings Aug. 14
- Last Declarations Oct. 29
- For settlement Nov. 9

3-month call rate indications are also shown on this page.

Calls in AB Elect., Blacks Leis., BET, Crest Nicholson, Euro Disney, First Natl. Fin., DC Gardner, Gestetner, Haemocell, Kunick, Medeva, Mirror, Next, Premier Cons., Ratners and Tarmac. Put in Mayflower. Double (Put and call) in Midland & Scot. Res.

LIFFE EQUITY OPTIONS

August 3 Total Contracts 25,698

Calls 15,950 Puts 9,748

FT-SE Index Calls 5,774 Puts 3,674

Euro FT-SE Calls 1,900 Puts 2,724

*Underlying security price. † Long dated expiry months

Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

	p		p		p		p		p
■ INDUSTRIALS		Charter Cons.	37	Ladbroke	18	Sears	8½	■ OILS	
Allied-Lyons	49	Comm Union	34	Legal & Gen	29	SmKl Bchm A	60	Aviva Pet	25
Amstrad	6	Courtaulds	43	Lex Service	22	TI	55	BP	18
Astec (BSR)	3	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	48
BAT Inds	58	FKI	6	Lonrho	12	Tesco	22	Conroy Pet	6½
BOC	53	FNFC	7	Lucas Inds	12½	Thorn EMI	65	Gaelic Res	½
BTR	35	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¾
Barclays	29	GKN	33	Midland Bank	30	Unilever	70	Shell	35
Blue Circle	24	Gen Accident	38	NatWest Bank	28	Vickers	15	Tusker Res	½
Boots	34	GEC	17	P & O Dfd	37	Wellcome	75	■ MINES	
Bowater	60	Glaxo	82	Racal Elect	5½	■ PROPERTY		RTZ	47
Brit Aerospace	26	Grand Met	38	RHM	18	Brit Land	18		
British Steel	7	GRE	13	Rank Org	66	Land Secs	30		
BT	25	Hanson	18	Ratners	3	MEPC	28		
Cadburys	38	ICI	96	Reed Intl	49				

Trencherwood swaps debt for equity as losses mount

By Angus Foster

TRENCHERWOOD, the USM-quoted housebuilder, has reached agreement in principle for its bankers to take a "substantial" stake in the company, in return for conversion of debt and unsecured liabilities.

Details of the debt for equity swap are likely to be finalised in the next few weeks and are subject to legal and other conditions, the company said. The conversion will secure borrowing facilities until the end of 1997. Midland, Royal Bank of Scotland and Schroders are Trencherwood's main bankers.

"We're very pleased, especially when many other property companies have fallen by the wayside," said Mr Richard Brooke, finance director.

Trencherwood yesterday reported mounting pre-tax losses of £37.7m in the year to October 31, from £29.3m in the previous period. Mr John Norgate, chairman, said conditions had deteriorated during the year and he expected a further decline in volumes this time.

Operating losses were contained to £863,000 (£2.92m) thanks to cost cutting. But exceptional items increased to £29.9m (£23.3m). These included about £15m of provisions against land holdings and work in progress, restructuring costs of about £2.5m and £12m of provisions against losses in the company's property joint ventures.

Turnover fell to £28.8m (£38.3m). A total of 306 units (328) were sold during the year at an average price of £78,000. Prices were not comparable with the last year because the types of unit sold differed. Pressure on margins led to a £3.6m loss before exceptionals in the residential division.

The company continued to reduce its exposure to off-balance sheet associated companies. Off-balance sheet borrowings fell to £20.2m (£26.9m). But increased borrowings for land purchases lifted total bank borrowings to £45m (£40.5m). The loss for the year of £34.3m resulted in negative net assets of £12.5m (net assets £21.8m).

No dividend is recommended. Losses per share increased to 137.01p (102.39p).

Bankers grant new standstill agreement to Control Securities

By Maggie Urry

CONTROL SECURITIES, the property, hotels, brewing and pubs group which is in refinancing talks with its bankers, has come to a new standstill agreement with them.

It also warned that its accounts would show substantial provisions against assets and that results for the year to end March 1992 would be "significantly worse" than for 1990-91. The new standstill agreement will run until September 30. The original standstill was signed at the end of June and was due to run out on July 24. It was then extended until the end of July.

The aim of the standstill is to give the company time to put a business strategy into place and to stabilise its financial position. Meanwhile, the banks are providing facilities to allow the group to continue trading.

Control Securities was built up by Mr Nazmu Virani, who is facing charges of fraud relating to the collapsed Bank of Credit and Commerce International. Mr Virani stood down as chairman and chief executive after he was freed on bail in April.

The group has delayed payment of interest on one of its two Swiss franc bonds and is calling a meeting of bondholders of both its issues, totalling SFr 200m (£78.8m), on August 17. Resolutions will be put to bondholders to defer interest payments until October 12. Another meeting will be held on or before that date.

The company said yesterday that results for the year to end March had not been finalised but would be "significantly worse than those for the previous year". Those showed a pre-tax loss of £3.3m, after a £3.8m provision covering the company's exposure to BCCI. Also the accounts will show "substantial provisions against the values of the group's assets".

Control's shares have been suspended since October at 16½p when the Serious Fraud Office raided its offices in connection with BCCI investigations.

Mercury challenges BT's claims

By Michiyo Nakamoto

MERCURY Communications yesterday challenged claims made by British Telecommunications that it was winning back substantial numbers of business customers from its main competitor.

Mr Peter Howell-Davies, deputy chief executive of Mercury, said that BT had won back only about £6m of business from Mercury, compared with an increase in Mercury's order book of £300m in the past financial year. A comparison of the figures indicated that "BT's impact has been negligible," he said.

Mercury was responding to a claim made by BT at its annual general meeting on July 30 that it was succeeding in winning back business customers from Mercury and fending off competition from cable TV companies.

Mercury said it had arrived at the figure of £6m from its own market sources. The figure did not mean that BT has won back a number of business customers altogether but represented just 45 customers at an average of £133,000 per customer, Mercury said.

As business customers tended to use BT for local calls and Mercury for long-distance and international calls, the business that has been won back by BT could represent a slight shift in balance between the use of the respective services.

Mercury added that it was continuing to increase its customer base at a rate of about 19,000 a month. Of these some 12,000 were for its own residential services and about 7,000 were for services provided in partnership with cable TV operators.

Mercury provides services in partnership with cable operators in areas including Birmingham, Portsmouth, Bristol and London. These services provide users with competitive rates for long-distance, international and local calls.

£52m loss on US sale for Reckitt & Colman

By Maggie Urry

RECKITT & Colman, the household products, toiletries and food group, is taking a £52m extraordinary loss on the sale of its US spices and seasonings business.

The sale price is $75.1m (£39.1m), but there will be an extraordinary loss of $100m in the current year's accounts. The buyer is Burns Philp Food, a subsidiary of Burns Philp, an Australian food and hardware company.

The extraordinary item comprises the loss on disposal of assets, valued at $99.5m, goodwill written off, $50m of closure and redundancy costs while $18m represents a trading loss made since the sale decision was made in January.

However, the sale will add $40m to Reckitt's cash flow in the current year. The proceeds will go to reducing borrowings, which were £338.3m at the end of 1991.

In January Reckitt said the business, part of the Durkee-French subsidiary, was being sold for $80m, but since then trading conditions have worsened and the price reduced.

Reckitt bought Durkee Famous Foods from Hanson, the Anglo-American conglomerate, in 1986 for $140m. The spice and seasoning part of Durkee has found the market increasingly competitive. In 1991 the business being sold made a pre-tax profit of $2.2m.

Reckitt said the sale was part of its strategy of disposing of non-core assets where a price could be obtained that would not dilute earnings.

The group is also negotiating the sale of its Canadian spice and seasoning business to Burns Philp, although that deal has not yet been completed. The price stated in January was $8m.

Pepe postpones pref payment

Pepe, the jeans designer and distributor, has postponed for three months the payment of its preference dividend while it comes to a decision over the issuing of new equity.

In June it warned that the ordinary dividend would be passed.

Mr Joe Sinyor, chief executive, said that he expected the company to decide within three months which route it would use to issue more shares.

Even after its refinancing debt of almost £330m will remain

David James adds Lep to list of rescues

By Jane Fuller

FOR Mr David James, Lep Group represents the fifth company rescue that he has been involved in over the past eight years and it entails the biggest bank debt.

Even after the refinancing, the freight forwarding and security group will have bank borrowings of nearly £330m. This is about 4½ times the resuscitated figure for shareholders' funds of £71.2m – an improvement from the December deficit of £108.8m.

Mr James said the banks had taken a huge hit in swapping £180m of debt for equity. "They also have to take a chance on the interest [on £145.7m] being rolled up for three years and carry the consequences of providing working capital."

Part of the agreement involves the banks releasing £20m of asset-sale proceeds as well as providing a new £12m working capital facility. Some compensation will come from their share of the £10.3m allowed for fees and expenses.

Mr James's refrain, which will be familiar to shareholders in Davies & Newman, owner of the Dan-Air airline, is that there is no alternative short of receivership.

"Nearly 12,000 people would lose their jobs, the pension fund would have remained severely deprived, about £40m of trade creditors would have lost everything, the shareholders would have lost whatever recovery value there now is."

David James: his fifth company rescue in eight years

What remains is a company with between £1.3bn and £1.4bn of turnover, the bulk of it in freight forwarding. Last year's operating profit came to £26.5m (£55.6m), most of it contributed by National Guardian Corporation, the US security arm.

With this year's trading no better than last, the amount of debt to be serviced has been reduced to £182m. The restructuring, negotiated with about 25 banks, covers the rest of the £507.8m net debt. Altogether, Mr James said, Lep had "42 separate relationships with 34 banks".

As for the future, the alternatives are that the group slims down to the freight forwarding and NGC subsidiaries, or that these two parts are spun off as independent entities. Sorting out the twin core businesses incurred nearly £29m of exceptional costs.

The price of withdrawing from non-core businesses was reflected in £172.1m of extraordinary charges. Apart from £103.3m of property write-downs, the interests to be ditched include bearings distribution and a Tanzanian gold mining project.

In spite of the scale of Lep's debts, Mr James said that the salvage operations had been more difficult at both Eagle Trust, a mini-conglomerate where the repercussions have included criminal proceedings, and at Central & Sheerwood, another industrial holding company.

The recent weakness of Davies & Newman's share price – it closed at 16p last night compared with the deeply discounted rescue rights price of 50p – shows how the initial refinancing cannot solve all the problems. Mr James is still involved with D&N, which has had to warn that this year's pre-tax profits will not come near the £20m forecast at the time of the rescue.

Lep will hold an extraordinary general meeting to discuss its restructuring plan in London on August 24.

TDG static at £16.8m but shares rise 12p

By Peggy Hollinger

LOWER interest charges fuelled a marginal increase in interim profits at Transport Development Group, Britain's second largest haulier, from £16.5m to £16.8m.

The pre-tax result was struck on turnover 9 per cent down to £267.2m for the six months to June 30. Operating profits were flat at £18.9m.

The interim dividend is being maintained at 3p, while earnings per share rose from 7.46p to 7.51p.

Sir James Duncan, who retires as chairman at the end of this month, said the results were "alright", neither sparkling nor disastrous. "The balance sheet is very strong and that is the way we would want it."

A strict control of cash had helped the company cut net debt from £63.7m to £40.4m. As a result, interest charges fell by £300,000 to £2.1m.

Sir James said recession continued to affect the group as severely as ever. "We keep looking for the sunrise but it is not happening yet," he said. France, in particular, had suffered from economic downturn.

The French business incurred a loss of £537,000 in the first half, compared with a profit of £1.9m. Management had been changed and steps to reduce losses, such as depot closures, were being taken.

Holland marginally increased profits from £2.3m to £2.5m, despite intense competition.

In the UK, overall trading profits were 10 per cent ahead at £14.2m with solid increases recorded by hire, storage and transport. Redundancy costs depressed profits of the UK distribution business from £4.8m to £4.3m. Redundancy costs for the group overall came to £1.6m (£800,000).

Willig Freight Lines, the US business earmarked for disposal, incurred pre-tax losses of £1.1m in the first half. These were set off against the £15m extraordinary provision made at the end of last year. Sir James said the company was in negotiations over a sale with two potential purchasers.

● **COMMENT**

Sir James's modest success was applauded by the market last night with the shares rising from 216p to 228p. The restructuring begun by the company before the recession appears to be feeding through. However, there's more work to do, with the biggest question mark hanging over Willig Freight. France, too, will take time to sort out. Yet the main problem for TDG remains the global economy and there is not a lot that Sir James can do there. Forecasts are for £40m pre-tax this year. Although the multiple of 12.7 times may look undemanding, the shares are not likely to take off until some sign of recovery becomes apparent. Better to hold and wait for the upturn.

Silvermines sells ballscrews arm to THK of Japan

By Andrew Baxter

SILVERMINES, the Dublin-based engineering, electrical and property company, is selling its Coventry-based PGM Ballscrews business to THK of Japan for £3.6m.

The deal will give THK its first manufacturing base outside Japan and greater access to the European ballscrew market ahead of the European Single Market reforms.

Ballscrews are an essential component of machine tools and other industrial machinery, converting rotary motion into linear motion and vice-versa.

PGM is the second largest UK ballscrew manufacturer with annual sales of £3.5m and 104 employees.

The deal is one of few struck recently by Japanese companies in the European machinery sector. They either prefer greenfield expansion or are deterred by current market conditions. It is also one of few moves by machine tool part manufacturers to emulate Japanese machine tool builders by manufacturing in Europe.

Founded in 1971 by the Teramachi family, THK is the Japanese market leader in linear motion systems with a 75 per cent market share. Still family controlled, it is quoted over-the-counter in Japan and had sales last year of Y78bn (£339m) and 2,536 employees.

THK said it intended to maintain the existing PGM management and employee structure but may strengthen both with support from Japan. The deal includes PGM's 96.8 per cent subsidiary PGM Ballscrews Ireland.

London Pacific boosts Govett profits to $29.7m

By Philip Coggan, Personal Finance Editor

GOVETT, the financial services group, recorded a 14 per cent increase in interim pre-tax profits to $29.7m (£15.5m) for the six months to June 30.

More than half the group's operating profits came from London Pacific, a US insurance company which sells annuities through the intermediary market. London Pacific's first half profits were 37.6 per cent higher at $14.5m.

In the UK, the group is best known for its investment management activities, particularly its John Govett subsidiary.

Group funds under management increased from $5.2bn to $5.8bn, with the bulk of the increase coming from client inflows, in particular US mutual funds and specialised futures funds in the UK.

Investment management fees rose nearly 30 per cent to $18.1m, helped by the acquisition of US fund manager ACI, now renamed Govett Institutional Investment.

However, the acquisition and the growth of the mutual funds business led to a 45 per cent increase in operating expenses to $15.9m. Investment income fell to $4.8m ($5.23m) in the wake of lower US interest rates.

Operating profits were $27.6m ($23.4m) and after net profits on investments of $2.07m ($2.53m), pre-tax profits were $29.7m ($26m). After tax of $7.06m ($5.35m), fully diluted earnings per share were 28.5 cents (25.5 cents).

The company is paying a gross dividend of 9.5 cents (8.5 cents).

The shares rose 4p to 107p on the news yesterday, having touched a peak of 333p before the crash of 1987. Mr Ian Whitehead, chief financial officer, said the group hoped to widen its shareholder base by an American Depositary Receipt scheme in the US.

Mr Arthur Trueger, the executive chairman, said "the outlook for the balance of the year is encouraging. While always vulnerable to unexpected developments, our business is very diversified and growing in all areas."

Automotive side behind 36% rise at BBA

By Roland Rudd

A STRONG performance from its automotive business helped BBA achieve its first increase in pre-tax profits and earnings per share for two years.

On a significantly reduced cost base the automotive division reported a 36 per cent increase in trading profits, from £12.8m to £17.4m on sales of £319m, up from £302.3m. Group trading profit increased from £36.9m to £39.7m.

Mr John White, managing director, said new orders won by the friction materials operation in Germany more than compensated for market fragility. Car sales in Germany have fallen for two consecutive months and are expected to continue to decline.

The division's margins improved from 5.2 per cent to 6.4 per cent.

A geographical breakdown of trading profits showed that the only fall was experienced by North America, down from £17.7m to £14.5m. The industrial division was most affected by the US recession with margins falling from 9.1 per cent to 8.2 per cent.

● **COMMENT**

Against a background of falling car sales across Europe a 5 per cent increase in automotive sales is impressive. The cost cutting exercise has ensured an immediate payback in profits. A report last year by UBS Phillips & Drew showed that a 10 per cent cut in labour costs of the big automotive components group would result in a 40 per cent to 50 per cent increase in profits. That is a message BBA took to heart earlier than its rivals. Yet with the fall in German car sales set to continue well into the next six months, can BBA go on producing profit increases? The answer is probably yes. With forecast pre-tax profits of £65m, giving earnings per share of 9.3p, the shares – up 8p to 133p – are on a prospective multiple of 14.3. That does not look too demanding given the company's ability to produce increased profits in a recession.

NEWS DIGEST

Benson resumes dividends

BENSON GROUP, the acquisitive Midlands-based engineer, returned profits of £915,000 pre-tax for the year to May 31, a strong improvement over the previous year's £142,000.

Turnover rose from £10.2m to £12.56m and margins at the trading level more than doubled to 8.8 per cent. As foreshadowed in February, dividends are being restored via a 0.1p payment. Earnings emerged at 1.09p (0.39p).

The five acquisitions made during the year have been fully integrated and each made a positive contribution to profits. One-third of group products were now sold overseas.

Year-end gearing was reduced from 70 per cent to 30 per cent.

New chairman for Reflex

Reflex Investments, the Dublin-quoted computer company, swung from profits of I£2.51m to losses of I£2.44m (£2.29m) pre-tax for the year to April 30.

The result, struck after an exceptional provision of I£1.93m against stocks, was returned on the back of a I£3.7m reduction in turnover to I£13.5m.

Mr Tony Kilduff, a 5.2 per cent shareholder in the company, is to increase his interest in Reflex to 29.99 per cent and become chairman after the annual meeting in September.

He will purchase 780,340 new ordinary shares from the company at 113.5p to raise his holding to 9.6 per cent of the enlarged capital and will then make a tender offer to all shareholders to purchase up to 3.44m shares to bring his holding up to the 29.99 per cent level.

Mr James Flavin, the current chairman, will step down from the board following Mr Kilduff's appointment.

Cornwell Parker £2.75m acquisition

Cornwell Parker, the furniture and fabrics group, is to pay Osborne & Little £2.75m for Fardis, the French furnishing fabrics company.

The cash amount paid will be reduced by a sum, to be determined on completion, of approximately £1.7m in respect of bank debts assumed by Cornwell Parker.

The move is part of Cornwell Parker's strategy of developing a stronger presence for its fabric brands in mainland Europe.

Alvis sells Sopelem stake for £4.1m

Alvis, the engineering group, has sold its 34 per cent stake in Sopelem, the french electro-optics company to Société de Fabrication d'Instruments de Mesure, which holds the other 66 per cent, for £4.1m.

The proceeds will be used in expanding Alvis's specialist engineering interests both organically and by acquisition.

William Jackson incurs £1.01m loss

Exceptional charges of £1.19m left William Jackson & Son with losses of £1.01m in the year to April 25, against with profits of £2.98m. Turnover fell from £207.8m to £205.8m.

Losses per share for this company, which trades as a baker, meat products manufacturer and discount stores operator, came out at 31.4p, against earnings of 77.5p.

Associated Energy Services in the black

Associated Energy Services, the construction, household goods and industrial equipment group, announced a return to profit for the first time in five years.

The company, which has recently undergone a restructuring and has changed its year end, reported a pre-tax profit of £27,000 for the seven months to the end of June.

The result was struck on turnover of £2m and represents a marked improvement on the loss of £1.01m from turnover of £2.25m reported for the year to November 30 1991.

After a tax charge of £61,000 (nil) and extraordinary costs of £77,000 (£420,000) the attributable loss was £111,000 (£1.41m). Losses per share were 0.04p (3.58p).

TR Pacific Trust asset value rises

Net asset value per share of the TR Pacific Investment Trust rose from 92.65p to 95.3p over the 12 months to June 30.

Available revenue for the half year to June 30, however, fell from £444,000 to £328,000, equal to earnings per share of 0.49p (0.663p).

Thornton Asian net assets improve

The net asset value per ordinary share of Thornton Asian Emerging Markets Investment Trust stood at 74.1p at the half year ended June 30.

This compares with 68.9p at the December 31 year end and with 81.6p a year previously.

Gross income rose from £1.19m to £1.67m. Earnings per share improved from 0.36p to 0.66p.

Novalal loss up and accounts qualified

Novalal, the USM-quoted plant propagation and biotechnology company, incurred a loss of £3.49m for the seventeen months ended December 31 and had its accounts qualified. The company's year-end has been changed. For the eight months to July 31 1990 the loss was £1.35m.

The auditors, Ernst and Young, said the accounts for the 17 months had been prepared on a going concern basis which depended on the successful outcome of actions being taken to secure the viability of the group.

These included continuing cost reduction, successful completion of trial projects, establishing a business in Greece and raising mortgage finance.

The loss for the 17 months was struck after taking account of exceptional provisons of £1.1m (0.2m). Losses per share emerged at 14.8p (6.8p).

Scottish National revenue at £11.3m

In the nine months to June 30 The Scottish National Trust reported net revenue of £11.3m, against £10.8m for earnings per share of 6.44p, compared with 6.15p. A third interim dividend of 2.1p makes an unchanged 5.8p for the period.

Net asset value per capital share was 21.9p at the end of the period compared with 92.8p a year earlier.

Aviva Petroleum calls for $6.5m

Aviva Petroleum, the Dallas-based oil and gas company which is quoted on the London Stock Exchange, is raising $6.5m (£3.4m) through a 2-for-1 underwritten rights issue at 27p a share. Its shares closed unchanged at 36p.

The move is the second stage of a restructuring which began with the sale of Aviva Canada and the conversion of 1992 interest on its loan from the Royal Bank of Scotland into shares at 58p per share.

Coats Viyella raises £26m in sales

Coats Viyella has raised a further £26m from sales following its acquisition of Tootal in May last year.

It has sold Tootal's Batik interests to Cha Group of companies, based in Hong Kong, and two properties in Glasgow. It is part of Coats's cash release programme and its strategy of focusing on core businesses.

Betterware sales increase by 50%

Betterware, the household goods retailer which specialises in direct home shopping, has announced a 50 per cent increase in trading during the first quarter of the current financial year.

The company is to invest £9m on a new distribution centre to cope with the increase in demand.

To assist marketability of its shares, Betterware has obtained shareholder approval for a 3-for-2 scrip issue.

Production problems hold back Clarke Foods

By Peggy Hollinger

PRODUCTION problems held back Clarke Foods, Britain's second biggest ice-cream manufacturer and owner of Lyons Maid, which yesterday reported pre-tax profits of £168,000 for the six months to May 2.

Mr Henry Clarke, chairman, said equipment problems meant the company did not have enough product available at the beginning of the summer.

"That delay was a very bad thing," he said, ". . . but it is behind us now."

The half year results compared with profits last time of £364,000. However, 1991 profits were boosted by £305,000 in interest income compared with charges this time of £108,000.

The interim dividend is being maintained at 0.75p from earnings of 0.05p (1.65p). Sales surged from £1.8m to £10.4m, due to a full contribution from Hillsdown and two months from Lyons Maid.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Abbey National ......int	3.8	Oct 12	3.5	-	10.5
BBA ......int	2.25	Nov 13	2.25	-	7.5
Benson ......fin	0.1	Oct 1	nil	0.1	nil
Clarke Foods § ......int	0.75†	Sept 14	0.75	-	2.25
Govett ......int	9.5☆	Aug 24	8.5	-	22
Lep ......fin	nil	-	5	nil	7
Lilleshall ......int	1.6	Nov 27	1.5	-	4
Scots Nat Trust ......int	2.1	Oct 7	2.1	5.8‡	8.85
TDG ......int	3	Nov 6	3	-	9.5
Trencherwood § ......fin	nil	-	nil	nil	0.5

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ☆Gross and cents per share. ‡For nine months.

Platinum and gold prices fall despite S African strike

By Kenneth Gooding, Mining Correspondent

THE START of a two-day general strike in South Africa, the world's biggest producer of gold and platinum, was followed yesterday by sharp falls in the prices of those precious metals.

Dealers suggested that this was because there were no reports of widespread violence. "Fears of supply disruptions were heavily exaggerated," said one.

Gold closed in London last night at $353.50 a troy ounce, down $4.45 from Friday's close. Dealers reported that the price tested $352.50 an ounce in late trading.

Ms Rhona O'Connell, analyst at Williams de Broe, part of the Banque Bruxelles Lambert group, pointed out that yesterday's gold price movement was predictable. Many investment funds had bought the metal two weeks ago at $343 an ounce and were disappointed when the price failed to break conclusively through $360 – although it did briefly touch $361. The funds were consequently expected to take their profits as the price fell back to $355.

Dealers confirmed this happened yesterday. "Two weeks ago the funds were buying. The reverse happened today," said one. "Probably they expected more from the South African day of action."

Whereas dealers reported good two-way trade in gold yesterday, activity in the platinum market was very subdued as traders sifted through news from South Africa and attempted to analyse the implications. South Africa supplies about two-thirds of the world's platinum requirements.

Platinum closed in London at $379.50 an ounce, down $5.75 from Friday's close.

Although the Confederation of South African Trade Unions claimed that 60 per cent of miners stayed away from work yesterday, Mr Tony Warwick-Ching, analyst at the London-based Commodities Research Unit, pointed out that two days was "pretty irrelevant in terms of platinum production". Also the platinum price had risen strongly last week because of the strike threat so "most of the news has been accounted for by the market for some time".

Indonesia reinstates palm oil allocation system

By William Keeling in Jakarta

THE INDONESIAN government has reinstated an allocation system for the sale of crude palm oil from state plantations while "difficult negotiations" with private sector businesses on deregulating sales continue, industry officials have said.

The state-plantations produce about 70 per cent of Indonesia's palm oil production, which is forecast to exceed 3m tonnes this year, up from about 2.5m in 1991.

The peak season is just beginning and industry officials expect about 40 per cent of the state plantations' production to be designated for export. Government officials estimate that the state plantations exported 45m kg of palm oil in May, and 30m kg in June.

Production and sales from private plantations is not regulated but is almost entirely devoted to domestic refineries.

Last year the government introduced a sealed tender auction for state plantation production, forcing local and foreign buyers into direct competition. In March, however, the auction system was suspended because of government concern at the rising cost of domestic cooking oil.

Players in the palm oil sector include some of Indonesia's largest and politically most well-connected businesses, such as the Salim Group and the Sinar Mas Group.

Under the new system, foreign buyers must either buy from domestic companies that have received allocations, or negotiate directly with the state marketing board. Industry officials say the price under the allocation system is based on the previous month's Rotterdam cif price, less $40 a tonne.

Domestic demand for crude palm oil is expected to increase sharply with the completion of new refining capacity. Industry officials estimate refining capacity will rise from from 1.7m tonnes in 1991 to about 2.5m tonnes by the end of this year.

Industry officials warn Indonesia may be following in Malaysia's footsteps by over-investing in refineries. Competition among refiners for palm oil would provide upward pressure on prices in a deregulated market.

Knuckles rapped over salmon price fixing

By Andrew Hill in Brussels

SCOTTISH AND Norwegian salmon farmers have been told off by the European Commission for trying to fix minimum prices for their fish.

The commission has not imposed any fines on the three Scottish salmon farming associations involved because the price-fixing agreement was abandoned last October. The Norwegian Fish Farmers' Sales Organisation (FOS) went bankrupt a month later, bringing its own minimum price system to an end.

Officials in Brussels described the move as "knuckle-rapping after the event", and said they had issued a statement to make it clear that private anti-competitive agreements were unacceptable even when a market was under pressure from alleged "dumping" by third country producers.

Brussels' statement probably marks the final episode in the most recent saga of strained relations between EC and Norwegian salmon farmers.

Scottish salmon farmers started to co-operate on fixing minimum prices in December 1989. At the time, the Scottish industry was in crisis and blamed Norwegian competitors for over-producing salmon and breaching their own system of minimum pricing.

Community producers complained to the EC about the alleged dumping of Norwegian salmon. The commission found that there was dumping but did not impose protective duties because the Norwegians agreed to stick to their own system of minimum prices in future and to freeze any excess production.

After talking to the Norwegians the Scottish Salmon Farmers' Marketing Board, the Scottish Salmon Growers' Association and the Shetland Salmon Farmers' Association - which account for about 80 per cent of Scottish salmon production – urged their members to bring prices into line with the FOS system. As a result, salmon prices, which had dropped by nearly 25 per cent in Scotland since 1988, leapt by 27 per cent in January 1990.

Lead plant restarts

DOE RUN Company's lead smelter in Herculaneum, Missouri, is back in operation, run by salaried staff, a company official said yesterday, reports Reuter from New York.

It was shut July 30 when unionised workers went on strike over a contract dispute.

British growers reap crop of frustration

The cereal harvest is early but there is disappointment over yields, quality and prices

FARMER'S VIEWPOINT

By David Richardson

THE UK cereal harvest is three weeks early this year. Normally our combine harvester rolls into barley, sown the previous autumn on our Norfolk farm, during the last week of July.

Spring planted barley is usually ready in the first half of August and autumn-sown wheat can be relied upon to be fit for harvesting between August 18 and 23. This year we began the barley before mid-July. We could have started sooner if the weather had not been wet. But it was mainly dry once we got going and that allowed us to complete all of our autumn and spring-sown barley without starting the grain drier and indeed, to deliver it to a merchant for onward sale to the brewers.

Moreover, on July 30 when we finished combining the barley we moved into the earliest ripening wheat. It too was ready and dry enough to store without expensive artificial drying, so we worked through last weekend to take fullest possible advantage of the favourable weather. It was the first time in more than 30 years of farming that I had harvested wheat in July. By last evening we had completed more than one third of our total harvest and within that more than 20 per cent of our wheat had been gathered in excellent conditions.

Farmers up and down the country have had similar experiences. As a rule of thumb those in the balmier south are even further forward than we are in Norfolk; those in the chillier north, as always, are a few days behind.

So that's the good news. Now for the bad. First there was the disappointment at the price we got for the barley. For years we have tried to grow best quality, for which the brewers would pay a generous premium because it was ideal for best beer. The chief characteristic of such barley, apart from being able to germinate, is that each ear of grain should contain the minimum of nitrogen.

This has been more difficult for us to achieve than for some other farmers because our land is relatively fertile and has regular applications of farmyard manure from our sheep and pigs. This manure contains nitrogen, which is transmitted through the soil and the root system of the barley to the grain.

But this year, for some unaccountable reason, our barleys contained much lower percentages of nitrogen than usual. At last, it seemed, we were going to make some real money.

Imagine my frustration when I was told by the merchant that not only had most other barley farmers grown similar low nitrogen crops but that the market did not want much of it anyway. The story is, apparently, that the low nitrogen crops were needed in the past for making pale ales. Nowadays most beer drinkers choose lager and that requires rather higher levels of nitrogen than we had grown.

I am assured that there is more than an element of truth in the story. But I could not help thinking that it might also be a convenient ploy to talk down the price. In any event the premium over animal feed barley price that we were offered was rather more modest than I would have preferred.

At least the yield of the barley, particularly that which was autumn sown, was up to expectations. But the weight of the wheat we have been combining since appears to about 20 per cent per acre down on last year and this seems to be general across the country.

Paradoxically wheat crops looked better this year than last through most of the summer in spite of the spring drought. Indeed, when the rains began in June and some of the moisture deficit began to be made up, many farmers, myself included, privately began to think we would harvest big crops this year. Which only goes to show how little we know about the components of high yield.

It is clear now that we had too much June and July rain for wheat. Some fell in heavy storms and knocked whole fields virtually flat – in the trade we say those crops have "lodged" – and although modern harvesters will do a remarkable job of picking them up, when they go down as early as June we know they will not ripen evenly and that the quality of the grain will suffer.

But the rain brought other problems too. It produced the kind of moist micro-climate in the developing ears of the wheat that was ideal for the spread for fungal diseases, particularly one called fusarium. Crops all over the country have been affected this year and in spite of attempts to control the disease by spraying with a fungicide it has still reduced yields significantly.

Instead of the bold, bright and well-rounded wheat grains we have been fortunate enough to harvest over the last few years, most farmers are finding that a worrying proportion of their crops are producing shrivelled, dirty-looking samples. This is the result of the ear disease and the main reason for lower yields.

It is also likely to detract from the value of the grain. For the fact is that the UK has, in recent years, grown an exportable surplus of some 5m to 6m tonnes a year. If my experience of reduced yields is repeated across the country this year that tonnage will also be lower. Nevertheless UK farms will still produce significantly more than is needed for domestic consumption.

Following the excellent quality of UK grain gathered from the last few harvests merchants, supported by the export agency British Cereals Exports, have been able to open up new overseas markets and have been remarkably successful at selling virtually all that was not needed at home. However, this year's lower quality must raise questions as to whether that success can be repeated. Much will depend of course on what other supplies are available on the market. Reports from several other European countries suggest that they too have had problems, so the situation may not be as bad as it appears.

Meanwhile, to add insult to injury it has just been announced that the European Community's farm policy reform package, agreed last May, will, with the tacit acceptance of British Ministry of Agriculture officials, remove all price support from feed wheat. Only common, or bread wheat, will be eligible to be accepted into intervention stores.

As has happened so often and so illogically with other EC farm commodities in the past, this will mean that the best quality is locked away from the market. Even more serious for British wheat growers, it will mean that 70 per cent of the varieties that grow best in this country and for which there is a market both domestic and for export, have had their price safety net withdrawn. It also means that French farmers, whose climate allows them to grow the necessary quality far more easily than we can and who overproduce by double the percentage that we do, compared with domestic consumption, have once again won the political battle to get the best deal.

British officials, it is reported, sat on their hands in Brussels and abstained from voting on the matter, allowing the member state that produces the vast majority of the EC's cereal surpluses to get away with it again.

Are they determined to destroy British agriculture.? If they are, they are going the right way about it.

Drought adds to eastern European farm problems

EASTERN European farmers, already struggling to cope with life in the private sector and disappearing subsidies, are also contending with one of the region's worst droughts in years, reports Reuter from Vienna.

The result is that the huge grain surpluses built up last year will disappear, and many of the countries will have to import grain to feed their people or rebuild reserve stocks.

The farmers have been caught in the pincers of falling demand for their produce and higher prices for the inputs they need to produce it.

Proper agricultural markets have not yet developed, so the scope for distorted prices or outright speculation is great.

Crucial to the formation of a healthy farm sector is the development of related industries, such as those producing fertilisers or farm machinery, the Vienna Institute for Comparative Economic Studies said in a recent report. But the necessary privatisation of these operations depends on foreign investment and capital, which has so far been slow in coming, it said.

On a national scale the market reforms have also sown confusion.

In Czechoslovakia co-operative and state farms transformed into private agri-businesses or genuine co-operatives are operating in an environment of legal uncertainty. At the same time the country's restitution laws, which allow the original owners or their heirs to reclaim property confiscated by the communists, have seen much land taken up by people who do not want to farm it but just lease it out.

Czechoslovakian radio said in a recent commentary that the situation is a vicious circle of supporting overproduction followed by state-funded export subsidies.

An ambitious privatisation of farmland in Romania has left the authorities in the dark about what is going on.

"It is very difficult to make a forecast of crops, as Romania switched from 100 per cent state ownership in agriculture in 1989, to 82 per cent private land ownership at present," said Mr Radu Mateescu, agriculture ministry spokesman. And Romania's agriculture lacks infrastructure for modern data-gathering and forecasts.

Romania has some of Europe's most fertile land, but is importing 1m tonnes of wheat this year. The government will set up a wheat monopoly to fend off speculators.

Since 1989 Romania has faced a steady drop in farm output, mainly because of chaos on the land as it switches to a market economy and private enterprise after 40 years of communism.

But the authorities see farming as one of the country's potential strengths, and grain acreages are to be increased.

Hungarian farmers have sown wheat on 25 per cent less land than usual, the daily Nepszabadsag said. Mr Ferenc Nyujto, an agriculture ministry official, said the grain harvest this year would be average.

But he conceded that because of drought the yields on the lower acreages would be 10 to 20 per cent down on last year's.

The result, according to London traders, is that Hungary, the region's most successful agricultural producer, will cut its wheat exports to 450,000 tonnes in 1992-93 (July-June), compared with 1.5m tonnes in 1991-92.

Hungary is likely to be the only exporter this year from the region, which was once the bread basket of Europe, and has the potential to become so again.

The drought means Poland, another big producer, will import between 1m and 2m tonnes of grain this year after last year's 150,000 tonnes, Polish traders say. The agriculture ministry says the Polish harvest will drop to 21.2m tonnes this year from 27.8m in 1991.

WORLD COMMODITIES PRICES

MARKET REPORT

TIN prices slumped in kerb trading on the LME, with a sharp fall in the final minutes leaving the market testing key support, dealers said. Three-month metal moved below $6,800 a tonne and then tumbled to $6,750, the day's low and a $75 loss from Friday. Traders will be looking to see if key support at $6,750 holds, but the market's technical picture has recently turned bearish. Apart from the late sell-off, tin was featureless throughout the session – as were many other metals, with physicals quiet at this time of the year, dealers said. COPPER prices declined - news that Polish copper workers were willing to suspend their stoppage undermined the market, which is increasingly factoring in a settlement soon. London COCOA prices edged ahead, but with no fundamental support. "The market is currently in a conflict between buyers and sellers. On one side we've got the fact the Ivorians were back in the market last week, while on the other, there are uncertainties such as the dry weather in west Africa," said one dealer. Estimates of how much cocoa has been sold from the Ivory Coast in the past week range between 10,000 and 35,000 tonnes.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$18.15-8.25y	+.025
Brent Blend (dated)	$20.25-0.30	-0.10
Brent Blend (Sep)	$20.30-0.40	-.025
W.T.I (1 pm est)	$21.75-1.80y	
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$224-227	
Gas Oil	$180-182	-0.5
Heavy Fuel Oil	$85-87	
Naphtha	$191-192	-1
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$353.50	-4.45
Silver (per troy oz)♣ §§	392.0c	-3.00
Platinum (per troy oz)	$379.50	-5.75
Palladium (per troy oz)	$88.25	-3.15
Copper (US Producer)	116.33c	-1.95
Lead (US Producer)	39.63c	+2.75
Tin (Kuala Lumpur market)	15.97r	+0.17
Tin (New York)	315.5c	+1
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	111.23	-0.85*
Sheep (live weight)†♣	75.66p	+1.32*
Pigs (live weight)†	81.70p	-2.34*
London daily sugar (raw)	$294.6w	-0.40
London daily sugar (white)	$294.5w	+1
Tate and Lyle export price	£248.0	-1
Barley (English feed)	£108.0z	-1.5
Maize (US No. 3 yellow)	£151.5	
Wheat (US Dark Northern)	Unq	
Rubber (Sep)♥	50.50p	
Rubber (Oct)♥	50.50p	
Rubber (KL RSS No 1 Jul)	221.0r	-1
Coconut oil (Philippines)§	$522.5t	+22.5
Palm Oil (Malaysian)§	$367.5y	
Copra (Philippines)§	$330.0	+5
Soyabeans (US)	£136.0z	-1
Cotton "A" index	61.35c	-2.95
Woollops (64s Super)	380p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Oct/Nov w-Aug/Sep y-Sep z-Aug. . †Meat Commission average latstock prices. * change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices. §§Correction for 16/7/92 394.0c

SUGAR – London FOX			($ per tonne)
Raw	**Close**	**Previous**	**High/Low**
Oct	213.80	213.00	211.80 211.80
Dec	209.00	209.00	205.20 205.00
Mar	206.00	206.20	206.00 205.60
May	204.20		203.20
White	**Close**	**Previous**	**High/Low**
Oct	268.50	268.40	271.50 267.00
Dec	263.70	264.20	264.50 263.20
Mar	267.70	267.70	268.00
May	271.70	271.70	270.80

Turnover: Raw 233 (316) lots of 50 tonnes. White 236 (433) Paris- White (FFr per tonne): Oct 1350.06 Dec 1342.80

CRUDE OIL – IPE			$/barrel	
	Close	Previous	High/Low	
Sep	20.21	20.47	20.42	20.20
Oct	20.21	20.47	20.41	20.21
Nov	20.18	20.43	20.38	20.18
Dec	20.12	20.35	20.29	20.17
Jan	20.01	20.22	20.13	20.08
Feb	19.92	20.08	20.02	
IPE index	20.37	20.53		

Turnover 13902 (23592)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Aug	184.00	184.50	185.25	183.00
Sep	186.50	187.00	188.75	185.25
Oct	189.00	189.50	189.50	188.00
Nov	191.50	191.50	191.75	189.75
Dec	192.75	192.50	192.75	191.00
Jan	191.50	191.25	192.00	190.50
Mar	183.00	183.00	183.00	
Apr	181.00	180.00	181.00	

Turnover 10192 (11526) lots of 100 tonnes

TEA

There was strong general demand with 13,174 packages for the day reports the Tea Broker's Association. Landed good medium and bright liquoring East African teas attracted keen competition and were often 10 to 15p dearer. Plain sorts including most Central Africans met limited enquiry at irregularly easier rates. Ceylons came to a selective market with brighter teas fully firm but the remainder tending easier. Offshore improved demand and brighter teas were generally dearer. The highest price realised this week was 202p for a Rwanda pf.1 Quotations: quality 165p nom good medium 140p medium 120p low medium 82p.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Sep	615	609	614 599
Dec	643	638	647 630
Mar	673	667	673 659
May	691	688	692 682
Jul	710	705	701
Dec	754	751	746
Mar	782	777	780 774

Turnover: 2351 (4884) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 31 784.34 (791.99) 10 day average for Aug 3 765.07 (761.32)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Sep	732	745	747 731
Nov	752	763	764 749
Jan	767	777	780 768
Mar	783	790	794 778
May	794	805	800 793
Jul	812	820	811
Sep	835		831

Turnover:1145 (1652) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jul 31: Comp. daily 47.29 (47.79) 15 day average 48.88 (49.08)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	70.5	69.3	70.5 70.0

Turnover 58 (16) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Oct	118.50	120.00	118.50
Dec	120.00	120.00	120.00

Turnover 176 (25) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Aug	1040	1045	1041 1040
Sep	1090	1090	1091 1085
Oct	1180	1175	1180 1175
BFI	1055	1060	1055

Turnover 38 (327)

GRAINS – London FOX			£/tonne
Wheat	**Close**	**Previous**	**High/Low**
Sep	111.10	111.10	111.10 111.00
Nov	114.85	114.50	114.85 114.25
Jan	118.60	118.20	118.60 118.20
Mar	121.60	121.40	121.60 121.00
May	124.80	124.65	124.80
Barley	**Close**	**Previous**	**High/Low**
Sep	109.25	108.90	109.25
Nov	112.85	112.65	112.85 112.65
Jan	116.40	116.30	116.40 116.30

Turnover: Wheat 174 (382), Barley 54 (47)
Turnover lots of 100 Tonnes

PIGS – London FOX			(Cash Settlement) p/kg
	Close	Previous	High/Low
Aug	106.5	106.0	106.5

Turnover:0 (5) lots of 3,250 kg

LONDON METAL EXCHANGE					(Prices supplied by Amalgamated Metal Trading)	
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 28,316 lots
Cash	1321-2	1316-7		1323-3.5		
3 months	1344-5	1339-40	1346/1337	1344.5-5.0	1344-5	180,170 lots
Copper, Grade A (£ per tonne)						Total daily turnover 31,714 lots
Cash	1293-4	1315-6	1300	1300.5-1.0		
3 months	1318-9	1336-7	1325/1318	1325-5.5	1321-2	141,614 lots
Lead (£ per tonne)						Total daily turnover 6,460 lots
Cash	355-6	348.75-9.75	354	354-5		
3 months	361-1.5	358.5-7.0	361/360	360-1	359-9.5	28,968 lots
Nickel ($ per tonne)						Total daily turnover 3,965 lots
Cash	7355-65	7345-55	7298/7295	7298-300		
3 months	7425-30	7415-20	7400/7350	7370-75	7380-90	24,965 lots
Tin ($ per tonne)						Total daily turnover 1,118 lots
Cash	6765-75	6795-805		6790-800		
3 months	6805-10	6830-40	6850/6750	6820-25	6745-55	12,689 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 11,898 lots
Cash	1354-5	1359-61	1350	1350-0.5		
3 months	1360-1	1368-8	1365/1362	1366-7	1361-2	67,110 lots

LME Closing £/$ rate: SPOT: 1.9240 3 months: 1.8920 6 months: 1.8573 9 months: 1.8289

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	**$ price**	**£ equivalent**
Close	353.30-353.70	
Opening	357.30-357.70	
Morning fix	357.30	185.39
Afternoon fix	354.05	183.99
Day's high	357.50-357.80	
Day's low	352.50-352.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.83	6 months	2.82
2 months	2.81	12 months	2.83
3 months	2.79		

Silver fix	p/troy oz	US cts equiv
Spot	203.16	392.00
3 months	210.20	397.25
6 months	215.50	400.70
12 months	226.40	409.15

GOLD COINS	$ price	£ equivalent
Krugerrand	356.50-358.50	185.00-187.00
Maple leaf	364.60-366.95	-
New Sovereign	86.00-88.00	44.00-46.00

TRADED OPTIONS				
Aluminium (99.7%)	**Calls**		**Puts**	
Strike price $ tonne	Sep	Dec	Sep	Dec
1300	43	78	10	23
1350	15	48	32	43
1400	4	27	70	72
Copper (Grade A)	**Calls**		**Puts**	
2450	70	95	19	60
2500	40	70	39	84
2550	20	50	69	113
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
600	132	152		1
650	82	187		6
700	38	68	6	17
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
475	139			
500	114	144		1
525	89	121		3
Brent Crude	**Sep**	**Oct**	**Sep**	**Oct**
2000	40		8	34
2050	13		29	
2100	2			

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Aug	352.6	357.4	356.5	351.8
Sep	353.4	358.3	0	0
Oct	354.5	359.4	358.7	353.6
Dec	356.5	361.4	360.6	355.6
Feb	358.4	363.3	361.8	357.9
Apr	360.2	365.1	365.1	360.2
Jun	362.1	367.0	364.5	361.1
Aug	364.1	369.0	367.5	367.5
Oct	366.3	371.2	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Oct	378.3	385.1	381.0	378.1
Jan	375.8	382.6	380.0	376.5
Apr	375.9	382.7	379.5	379.5
Jul	376.9	383.7	377.5	377.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Aug	387.5	392.7	0	0
Sep	388.7	393.7	393.0	388.5
Oct	390.7	395.8	0	0
Dec	392.7	397.8	397.0	392.5
Jan	394.1	399.2	0	0
Mar	397.0	402.1	400.5	397.0
May	399.9	405.0	402.0	400.0
Jul	402.6	407.7	407.0	406.0
Sep	405.6	410.7	408.0	408.0
Dec	410.1	415.2	412.0	411.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	111.65	112.25	111.70	111.45
Sep	112.05	112.50	112.50	111.45
Oct	112.25	112.60	112.65	112.20
Nov	112.15	112.30	112.45	111.90
Dec	112.15	112.35	112.80	111.60
Jan	111.80	111.95	112.20	112.20
Feb	111.50	111.60	0	0
Mar	111.25	111.30	111.20	110.80
Apr	110.65	110.70	0	0
May	110.15	110.20	110.00	110.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	9.58	9.51	9.61	9.47
Mar	9.27	9.25	9.31	9.23
May	9.20	9.18	9.25	9.17
Jul	9.12	9.10	9.17	9.12
Oct	9.06	9.05	9.09	9.06

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Close	Previous	High/Low	
Sep	21.58	21.87	21.83	21.56
Oct	21.47	21.77	21.73	21.45
Nov	21.40	21.69	21.65	21.39
Dec	21.33	21.61	21.56	21.31
Jan	21.20	21.48	21.43	21.19
Feb	21.06	21.34	21.26	21.06
Mar	20.92	21.20	21.15	21.11
Apr	20.79	21.07	21.01	21.00
May	20.67	20.95	0	0
Jun	20.56	20.83	20.80	20.75

HEATING OIL 42,000 US galls, cents/US galls				
	Close	Previous	High/Low	
Sep	59.80	61.22	61.20	59.75
Oct	60.83	62.17	62.00	60.70
Nov	61.91	63.17	62.95	61.90
Dec	62.86	64.02	63.90	62.80
Jan	63.23	64.22	64.10	63.00
Feb	62.43	63.27	63.10	62.15
Mar	60.16	60.92	60.90	60.60
Apr	58.08	58.77	58.80	58.80
May	56.43	57.02	57.40	57.00
Jun	56.56	56.12	56.15	56.15

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Sep	1077	1013	1079	1012
Dec	1136	1073	1139	1073
Mar	1186	1125	1190	1128
May	1216	1155	1195	1164
Jul	1245	1184	1225	1225
Sep	1276	1214	0	0
Dec	1310	1249	0	0
Mar	1346	1285	1310	1292
May	1374	1313	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	56.25	56.25	56.90	55.65
Dec	58.75	58.75	59.35	58.15
Mar	61.30	61.60	61.80	60.70
May	65.40	65.25	65.55	64.65
Jul	67.75	67.55	67.60	67.00
Sep	69.55	69.35	0	0
Dec	73.65	73.20	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	62.99	62.17	63.15	62.10
Dec	60.93	60.33	61.05	60.35
Mar	61.98	61.50	62.00	61.55
May	62.60	62.26	62.80	62.15
Jul	63.00	62.75	63.00	62.75
Oct	63.10	63.05	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	118.75	117.30	118.95	117.20
Nov	114.40	112.80	114.80	112.00
Jan	113.90	112.75	114.00	112.00
Mar	114.00	112.75	114.30	112.40
May	114.10	112.85	112.85	112.75
Jul	113.95	112.85	0	0
Sep	113.95	112.85	0	0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Aug.3	Jul 31	mnth ago	yr ago
	1541.7	1555.4	1545.6	1700.8
DOW JONES (Base: Dec. 31 1974 = 100)				
	Jul.31	Jul 30	mnth ago	yr ago
Spot	116.87	116.60	118.74	121.98
Futures	117.58	118.19	119.97	123.69

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Aug	558/4	557/6	559/0	553/0
Sep	555/6	555/4	556/4	550/6
Nov	550/2	552/0	552/6	546/4
Jan	557/4	558/6	558/6	553/0
Mar	565/0	567/0	566/0	560/0
May	570/2	572/2	572/6	564/0
Jul	574/0	576/0	576/4	570/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	18.51	18.48	18.57	18.34
Sep	18.61	18.64	18.73	18.49
Oct	18.79	18.79	18.87	18.64
Dec	19.06	19.11	19.18	18.94
Jan	19.21	19.25	19.31	19.11
Mar	19.52	19.52	19.62	19.40
May	19.80	19.83	19.92	19.70
Jul	20.07	20.10	20.17	19.94

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Aug	174.0	174.4	174.3	173.5
Sep	174.8	175.1	175.0	174.0
Oct	190.8	190.8	191.0	189.5
Dec	188.9	189.3	189.2	187.8
Jan	187.8	187.8	188.2	187.2
Mar	187.0	187.3	187.5	186.4
May	186.0	185.6	186.5	185.0
Jul	186.3	186.5	187.0	186.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	219/4	220/2	220/2	218/4
Dec	222/6	222/6	223/6	221/2
Mar	231/2	231/2	232/2	229/6
May	236/6	236/6	237/6	235/2
Jul	240/2	240/2	241/2	238/6
Sep	240/0	240/2	241/4	240/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	316/2	317/2	317/2	312/2
Dec	326/4	327/4	327/0	322/0
Mar	331/0	332/4	332/0	326/6
May	325/6	326/0	326/6	322/4
Jul	308/4	309/6	309/0	306/0
Sep	314/4	316/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	73.525	73.825	74.075	73.100
Oct	73.575	73.825	74.000	73.150
Dec	72.100	72.225	72.475	71.950
Feb	71.350	71.575	71.700	71.275
Apr	72.700	72.750	72.800	72.500
Jun	69.650	69.650	69.950	69.550

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Aug	43.625	43.000	43.625	43.200
Oct	39.200	37.850	39.300	38.350
Dec	40.775	39.750	40.800	40.025
Feb	41.225	40.625	41.225	40.800
Apr	39.825	39.525	39.850	39.350
Jun	45.000	44.950	45.200	44.850
Aug	43.300	43.250	43.400	43.200

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	34.800	32.800	34.800	33.800
Feb	40.575	39.125	40.650	39.400
Mar	40.300	38.900	40.375	39.200
May	41.650	40.600	41.800	40.600
Jul	40.750	39.425	40.750	40.650
Aug	40.525	39.100	40.525	0

LONDON STOCK EXCHANGE

Sterling helps uncertain equity sector

By Terry Byland, UK Stock Market Editor

CONCERN IN the London stock market over sterling was eased yesterday by commitment to a strong pound from Mr John Major, the UK prime minister, and by news of a pro-Maastricht opinion poll in France. An improvement in the sterling rate against the D-Mark in late dealings found a ready response from UK share prices, although trading volume remained relatively light.

The London stock market jousted with the FT-SE Index around the 2,400 mark in early dealings and it was a lead from the stock futures index sector which first took the Footsie firmly above this benchmark level. But the overall mood of the market remained cautious as economic commentators continued to call for government action to promote recovery from the economic setback. The market was only about 10 Footsie points ahead until the late upswing in sterling doubled the earlier gain.

The final reading showed the FT-SE Index at 2,420.2, a gain on the day of 20.6 points. But initial trading, when neither the Nikkei Average, Friday's Dow reading, nor the London futures market gave much encouragement, saw the Footsie down by more than 10 points at 2,389.

The seemingly unending flow of woe in the City continued yesterday when Oxford Economic Forecasting, the Confederation of British Industry and the National Westminster Bank all bore witness to the depth of the recession and in some cases urged changes in official policy.

Account Dealing Dates		
First Dealings:		
Jul 27	Aug 10	Aug 24
Option Declarations:		
Aug 6	Aug 20	Sep 3
Last Dealings:		
Aug 7	Aug 21	Sep 4
Account Day:		
Aug 17	Sep 1	Sep 14

*New time dealings may take place from 8.00 am two business days earlier.

Nor was the mood lightened when Abbey National, one of Britain's largest mortgage lenders, called for tax help for prospective house sellers after disclosing a 12 per cent drop in interim profits.

The late improvement in sterling helped calm fears in the market over the near term outlook for domestic interest rates. While hopes of further cuts in UK base rates have receded significantly since the rise in money rates in Germany, London remains fearful that a full-flown sterling crisis could force UK rates higher.

Traders were wary of putting too much faith in yesterday's firmness in the London stock market. Turnover remained unexciting, with Seaq volume at only 329.6m shares; Friday's 378.1m shares reflected only £812.6m in terms of customer or retail business, no great figure by standards of market profitability.

Among interest-related stocks to benefit directly from the firmer tone of sterling, the high street retailers stood out well. But construction stocks continued to suffer from doubts over the continued profitability of the industry.

Equity strategists agreed that the market outlook for this week will be dominated by prospects for the interim trading report from British Petroleum on Thursday and in particular, by the decision taken on the dividend payment by the board of the blue chip oil company. Shares in BP opened sharply lower yesterday after the UK press had commented bearishly on the outlook, suggesting that the impending trading statement might be taken by the board as an opportunity to write off costs in less profitable areas.

Cautious comments hit BOC

INDUSTRIAL gases group BOC fell sharply in early trading as analysts made cautious comments ahead of the nine-months' results, due on Thursday. The shares were down 14 at one stage before rallying with the market to close 4 off at 593p.

Some of the weakness was prompted by UBS Phillips & Drew, which recently cut its full-year forecast to £345m, believed to be at the bottom of the analysts' range.

Mr Alasdair Nisbet of UBS said he was predicting £85m for the quarter and £248m for the nine months. The figures are below the market consensus and Mr Nisbet has based his caution on recent figures from BOC competitor Air Products, problems in BOC's vacuum business and the adverse effect of a weaker dollar.

Also, BZW reduced its 1993 prediction by £15m to £390m and turned seller, arguing that BOC's anaesthetic gases arm will be hit when its key product comes off patent early next year.

Vodafone firmer

Telecoms group Vodafone gained 5 to 316p in response to positive recommendations from several brokers. Most focused on the fact that the shares have been under pressure for the past two months, with the threat of increased price competition from rival Cellnet, and now look good value. Analysts also expect good trading news from this Friday's agm.

Mr Martin Mabbutt at Nomura, moving from a hold to a buy, said: "While Vodafone may suffer some loss of revenue from Cellnet's price plan, it is operating in a long-term growth market and the shares look attractive. We believe they have a 15 per cent relative upside over the next 12 months."

Hoare Govett also likes Vodafone, but only on a short-term view, believing that the threat from Cellnet and the new Personal Communications Network will adversely affect revenues.

GEC report

The weekend publication of defence group GEC's annual report provided the spur for the day's trading in the stock. Analysts were particularly cheered by the increase in the pension surplus revealed in the report, and by accountancy practices at the company.

Mr Jim Ross at Hoare Govett, who remains positive on the stock, said: "The conservative nature of the accountancy report reinforces the group's defensive attractions." The shares responded by firming 4 to 225p in brisk trade of 6.4m shares.

British Gas continued Friday's slide, ending 4 lower at 236p, following the referral to the Monopolies and Mergers Commission of access to the gas transportation and storage system operated by the group.

However, Mr Fergus Macleod of County NatWest said he expected the 8 per cent yield on the shares "to provide the backstop fairly soon", and Mr Keith Morris of Carr Kitcat & Aitken said he was a "gentle buyer" at these levels.

Weekend press reports that BP might announce restructuring charges of up to £1bn when it announces second quarter results on Thursday sent the stock into an early spin. However, the shares were given a lift from the US as dealers reported Prudential America as advising clients to switch out of Mobil and into BP.

The positive US comment helped the stock to rally comfortably to close unchanged on the day at 212½p.

Insurers bounced in a thin market, recovering from recent underperformance. General Accident was the biggest gainer, climbing 19 to 390p.

Insurance analysts said some investors were buying on a view that the group would hold its dividend when it announces interim results next Tuesday. Fears about a dividend cut have dogged the shares in recent weeks.

Commercial Union appreciated 13 to 442p and Legal & General 2 to 340p. The rises were helped by buying to cover short positions.

Tired old suggestions, repeated in the weekend press, that MEPC had been talking to Hong Kong Land added spice to an otherwise dull properties sector. The shares advanced 10 to 246p.

Interim results below the range of analysts' forecasts sent Abbey National down 3½ to 255p.

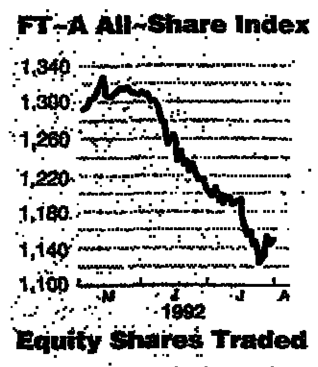
Stock overhanging the market was said to have held back Laporte. The specialty chemicals group fell 7 to 514p.

Weekend press comment following last week's reorganisation announcement helped ICI move forward 9 to 1172p.

Following worries last week over quality and metering, water shares bounced back. Among the main movers yesterday, North West and Thames both jumped 12 to 414p, Yorkshire 16 to 434p and Anglian 9 to 392p.

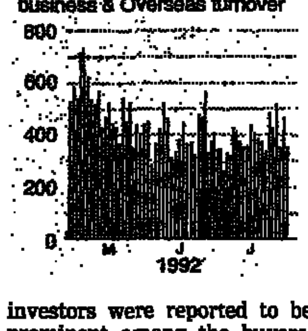
More big volume in Grand Metropolitan saw the shares advance 12 to 422p with 6.2m traded as its recent poor run was considered overdone. US investors were reported to be prominent among the buyers. The shares were also helped by a push from securities house Smith New Court, which also recommended Guinness, 9 higher at 544p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business & Overseas turnover



Technical positions helped selected food manufacturers. Short positions in Cadbury-Schweppes, up 6 at 481p, and Unilever, ahead 14 at 956p, assisted the shares as market-makers chased stock. The latter was also helped by anticipation that good second quarter figures will be reported this Friday.

Reports that a building company belonging to a director of hotel group Savoy had gone into receivership had a predictable effect on the share price. Savoy dropped 30 to 500p as market worries over the group's exposure, later proved unfounded, to the failed builder depressed the stock.

Marketing services group WPP improved 7 to 47p after major shareholder Fidelity Investments said it would support the advertising group's restructuring.

Takeover hopes lifted Mirror Group Newspapers a further 5 to 76p. The hopes were buoyed by Friday's news that Dublin-based Independent Newspapers Holdings had acquired a 1.3 per cent equity stake.

Hopes of a tank order at Vickers helped the shares firm 4 to 125p. TI Group shares were wanted ahead of today's interim statement, gaining 6 to 314p.

Turnover in business services group BET rose to 14m shares after two large trades went through the market. The stock finished unchanged at 111p.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Christopher Price.

■ Other market statistics, Page 20

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (5).
FOOD MANUFACTURING (1) Barr (AG), HEALTH & HOUSEHOLD (1) Brit. Bio-Tech., INSURANCE BROKERS (1) Alex. & Alex., INVESTMENT TRUSTS (1) GT Venture Wts., PROPERTY (1) Elonbrook.
NEW LOWS (116).
BRITISH FUNDS (1) Treas. 4⅛pc IL '30, CANADIANS (2) Derlan Inds., Intl Corona, BANKS (2) Banco Bilbao Vizcaya, Deutsche, BREWERS & DISTILLERS (3) Highland, Merrydown, Vaux, BUILDING MATERIALS (8) Heywood Williams, Do Cv Pf, Russell (A), Sharpe & Fisher, Spring Ram, Travis Perkins, BUSINESS SERVICES (2) African Lakes, Holmes Protection, CHEMICALS (2) BOC, Caird, CONGLOMERATES (1) Cannon St., CONTRACTING & CONSTRUCTION (11) Bellway, Countryside, Galliford, Gleeson (M.J), Lovell (YJ), Maunders (J), Mowlem (J), Prowting, Raine, Taylor Woodrow, Westbury, ELECTRICALS (1) NEC, ELECTRICITY (1) Bedford (Wm), ELECTRONICS (2) ACT, Enterprise Cmptr., ENGINEERING GENERAL (5) Aerospace Eng., BSS, Bridon, Haden MacLellan, Jones & Shipman, FOOD RETAILING (2) Brake Bros., Watson & Philip, HEALTH & HOUSEHOLD (4) Cahill May Rbts., Haemocell, ML Labs., Medeva, HOTELS & LEISURE (5) Brent Walker, Euro Disney, First Leis., Savoy, Whitegate Leis., INSURANCE BROKERS (3) Archer (AJ), JIB, Sturge, INSURANCE COMPOSITE (1) Allianz, INVESTMENT TRUSTS (17) Baillie Gifford Shin Nippon, Dartmoor 6¼pc Deb. '05, Dundee & London, European Assets, Fleming Fledg., Fleming Merc., Gartmore Value, German Smllr., Henderson Strata, JF Fledg. Japan, Keystone, Kleinwort High Inc., Martin Currie Pac. Wts., River & Merc. Amer. Inc., River & Merc Extra Inc., SPRAIT Wts., Throgmorton 1000 Smllr. Co's, MEDIA (9) Anglia TV, Capital Radio, HTV, Home Counties, Metro Radio, More O'Ferrall, Novo, Pearson, SelecTV, METAL & METAL FORMING (1) Apollo Metals, MISCELLANEOUS (6) Colefax & Fowler, Erskine House, Portmeirion, Ricardo, Shanks & McEwan, UDO, MOTORS (2) Malaya, Mid-States, OIL & GAS (3) Aviva, Brit. Gas, Santos, OTHER FINANCIAL (2) Bancaire, Cambridge, OTHER INDUSTRIAL MATERIALS (2) Norcros, OMI, PACKAGING, PAPER & PRINTING (4) Dolphin Pckg., Shelton (M), Smith (DS), Waco, PROPERTY (8) Chesterfield, Daejan, Frogmore Ests., Herring Baker H., Regalian, STORES (1) Blacks Leis., TEXTILES (2) Pepe, Sherwood, TRANSPORT (2) Davies & Newman, LOF's, PLANTATIONS (1) Highlands, MINES (5) Buffels, Gold Fields SA, Nth Broken Hill Peko, Randfontein Ests., Western Deep.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section		Monday August 3 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Fri Jul 31 Index No.	Thu Jul 30 Index No.	Wed Jul 29 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (175)	742.33	+1.0	7.96	6.05	16.04	20.52	734.86	736.24	738.27	834.57
2	Building Materials (23)	781.56	......	6.96	7.15	19.52	25.58	781.98	782.06	788.31	1059.29
3	Contracting, Construction (27)	626.05	-1.2	5.59	9.57	38.92	25.20	633.78	638.93	640.31	1144.79
4	Electricals (9)	2183.04	......	7.92	6.93	16.36	68.82	2182.31	2198.52	2183.62	2431.83
5	Electronics (27)	1894.37	+0.9	8.50	4.56	14.68	45.48	1876.75	1891.99	1892.96	1727.96
6	Engineering-Aerospace (6)	305.04	+3.1	11.94	8.54	10.60	11.27	295.80	296.16	299.84	423.71
7	Engineering-General (43)	453.65	+0.4	9.08	5.31	13.64	11.44	451.91	452.34	452.95	458.74
8	Metals and Metal Forming (7)	287.81	+0.5	5.81	7.66	25.23	7.18	286.44	289.68	294.00	432.88
9	Motors (14)	315.48	+1.3	8.62	7.48	15.22	10.14	311.56	311.61	311.11	320.80
10	Other Industrial Materials (19)	1630.97	+2.0	7.60	5.09	15.85	38.28	1599.15	1595.63	1596.69	1617.58
21	CONSUMER GROUP (191)	1547.33	+0.9	7.91	3.72	15.51	26.58	1533.20	1537.71	1550.32	1514.31
22	Brewers and Distillers (25)	1984.06	+1.6	8.39	3.69	14.38	37.26	1952.58	1958.36	1987.42	1843.84
25	Food Manufacturing (19)	1187.01	+0.9	9.09	4.45	13.61	26.01	1176.91	1174.26	1179.83	1204.28
26	Food Retailing (18)	2763.26	+1.0	8.82	3.30	14.78	44.70	2735.78	2740.90	2762.60	2727.88
27	Health and Household (24)	3826.46	+0.6	7.24	2.79	15.72	37.92	3804.77	3816.88	3829.47	3590.48
29	Hotels and Leisure (18)	1117.45	......	7.18	6.12	18.09	33.45	1117.70	1117.36	1108.91	1289.91
30	Media (27)	1441.84	+1.1	7.16	3.68	17.32	27.19	1426.67	1429.63	1444.76	1438.79
31	Packaging, Paper & Printing (17)	718.71	+0.4	7.17	4.60	16.90	14.76	715.84	718.34	723.06	749.11
34	Stores (34)	979.59	+1.1	7.71	3.81	17.14	16.96	968.68	976.81	994.09	967.47
35	Textiles (9)	612.08	+0.2	7.93	5.07	15.71	14.72	611.09	619.01	619.29	594.27
40	OTHER GROUPS (117)	1204.41	+0.7	10.33	5.49	12.05	31.17	1196.53	1206.33	1201.58	1258.63
41	Business Services (17)	1245.21	-0.2	6.75	4.14	18.09	21.03	1247.33	1253.55	1261.66	1352.63
42	Chemicals (22)	1341.87	+0.3	7.28	5.42	17.06	33.10	1338.17	1349.24	1307.84	1435.47
43	Conglomerates (10)	1216.80	+1.3	10.26	7.71	12.20	24.83	1201.20	1207.78	1196.93	1445.99
44	Transport (14)	2221.91	+1.0	8.89	5.51	13.87	55.92	2200.31	2214.71	2232.72	2255.70
45	Electricity (16)	1304.14	+1.1	15.21	5.62	8.33	36.33	1289.39	1298.30	1290.91	1214.49
46	Telephone Networks (4)	1378.94	+0.2	10.97	4.79	11.89	46.12	1376.59	1392.34	1390.03	1514.02
47	Water (11)	2717.18	+2.3	16.49	6.37	6.71	86.85	2656.50	2696.67	2725.95	2340.11
48	Miscellaneous (23)	1962.88	+0.2	6.76	5.16	18.57	29.19	1958.33	1966.96	1974.00	1997.41
49	INDUSTRIAL GROUP (483)	1236.36	+0.9	8.70	4.69	14.28	26.94	1225.89	1231.34	1235.45	1267.35
51	Oil & Gas (17)	1863.35	-0.4	8.27	7.63	15.83	63.73	1870.68	1880.27	1895.18	2458.71
59	500 SHARE INDEX (500)	1297.20	+0.7	8.65	4.98	14.42	29.89	1287.82	1293.63	1298.55	1368.55
61	FINANCIAL GROUP (84)	689.61	+0.8	-	6.55	-	20.17	684.24	688.86	694.25	819.79
62	Banks (9)	920.52	+0.3	7.19	5.97	19.76	24.58	917.81	931.17	936.23	949.66
65	Insurance (Life) (6)	1452.12	+1.3	-	6.13	-	44.26	1432.78	1442.63	1457.65	1566.01
66	Insurance (Composite) (7)	454.16	+3.1	-	7.66	-	13.46	440.62	437.02	439.68	671.73
67	Insurance (Brokers) (10)	764.85	+0.8	10.13	8.49	12.98	30.14	758.67	758.75	765.37	1147.29
68	Merchant Banks (7)	426.68	-0.4	-	5.06	-	11.25	428.37	428.59	429.60	442.76
69	Property (30)	547.00	+0.7	10.99	8.35	12.21	20.31	543.08	537.54	551.28	921.84
70	Other Financial (15)	233.09	-0.1	7.78	7.39	17.39	6.63	233.39	233.88	233.80	251.42
71	Investment Trusts (70)	1083.28	-0.2	-	4.14	-	20.64	1085.34	1086.95	1099.23	1218.60
99	ALL-SHARE INDEX (654)	1151.28	+0.7	-	5.16	-	27.23	1143.14	1148.53	1153.43	1235.08

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 31	Jul 30	Jul 29	Jul 28	Jul 27	Year ago
FT-SE 100 SHARE INDEX‡	2420.2	+20.6	2420.6	2389.0	2399.6	2411.6	2423.2	2373.4	2348.0	2585.4

FIXED INTEREST

	PRICE INDICES	Mon Aug 3	Day's change %	Fri Jul 31	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (24)	120.93	-0.01	120.93	1.59	7.91
2	5-15 years (25)	136.76	+0.19	136.68	1.71	8.55
3	Over 15 years (8)	149.36	+0.46	148.68	1.95	7.35
4	Irredeemables (6)	167.44	-0.15	167.69	2.57	7.34
5	All stocks (63)	134.48	+0.16	134.36	1.72	8.34
	Index-Linked					
6	Up to 5 years (2)	172.11	+0.03	172.06	1.29	1.83
7	Over 5 years (10)	147.83	-0.09	147.97	0.56	3.09
8	All stocks (12)	149.99	-0.08	150.10	0.65	2.90
9	Debs & Loans (62)	120.50	+0.02	120.48	2.83	6.53

	AVERAGE GROSS REDEMPTION YIELDS		Mon Aug 3	Fri Jul 31	Year ago (approx.)
	British Government				
1	Low	5 years	8.65	8.61	8.94
2	Coupons	15 years	8.89	8.92	9.70
3	(0%-7¾%)	20 years	8.89	8.92	9.70
4	Medium	5 years	9.51	9.50	10.08
5	Coupons	15 years	9.08	9.13	9.88
6	(8%-10¾%)	20 years	9.01	9.05	9.83
7	High	5 years	9.73	9.72	10.26
8	Coupons	15 years	9.30	9.35	9.99
9	(11%-)	20 years	9.19	9.24	9.90
10	Irredeemables	†	9.15	9.13	9.90
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.40	4.40	4.43
12	Inflation rate 5%	Over 5 yrs.	4.59	4.58	4.38
13	Inflation rate 10%	Up to 5 yrs.	3.66	3.66	3.51
14	Inflation rate 10%	Over 5 yrs.	4.41	4.40	4.20
15	Debs &	5 years	10.64	10.68	11.85
16	Loans	15 years	10.43	10.43	11.63
17		25 years	10.30	10.29	11.42

‡Opening Index 2390.8; 9 am 2393.5; 10 am 2395.7; 11 am 2401.8; Noon 2406.8; 1 pm 2407.5; 2 pm 2407.4; 2.30 pm 2410.0; 3 pm 2408.2; 4.10 pm 2418.8; (a) 4.19pm (b) 8.40am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323. CONSTITUENT CHANGES: DELETIONS: Cannon Street Investments (43), Harland Simon Group (5), YJ Lovell (3), Regalian Properties (69); ADDITIONS: Anglian Group (2), MFI Furniture (34), Taunton Cider (22).

FINANCIAL TIMES STOCK INDICES

	Aug 3	July 31	July 30	July 29	July 28	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	88.35	88.31	88.68	89.00	89.12	85.65	89.75 (3/7)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	105.00	105.14	105.40	105.77	105.83	94.01	106.35 (6/7)	97.15 (2/1)	106.35 (6/7/92)	50.53 (3/1/75)
Ordinary Share●	1814.8	1803.8	1805.9	1815.1	1785.6	1999.4	2149.7 (22/5)	1767.0 (27/7)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	89.3	90.9	91.0	93.0	91.5	177.1	160.6 (10/1)	83.6 (8/7)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2420.2	2399.6	2411.6	2423.2	2373.4	2585.4	2737.8 (11/5)	2348.0 (27/7)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1104.81	1101.07	1106.13	1112.56	1090.65	1174.63	1248.79 (11/5)	1087.01 (27/7)	1248.79 (11/5/92)	938.62 (16/1/91)
●Ord Div Yield	5.08	5.12	5.11	5.11	5.19	4.74				
●Earning Yld %(full)	7.22	7.27	7.26	7.37	7.51	8.15				
●P/E Ratio(Net)(*)	17.50	17.38	17.41	17.07	16.76	15.16				
SEAQ Bargns 5.00pm	16,454	16,601	18,583	20,284	18,008	25,656				
Equity Turnover(£m)†	-	812.6	891.7	1297.7	817.0	693.1				
Equity Bargains†	-	18,449	20,406	21,767	20,373	25,039				
Shares Traded (ml)†	-	360.6	351.3	473.2	355.4	319.0				

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90 ☆ Nil 16.26.

Ordinary Share Index, Hourly changes — Day's High 1815.1 — Day's Low 1792.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1795.1	1794.3	1797.1	1801.7	1806.0	1807.5	1807.9	1808.2	1813.1

FT-SE 100, Hourly changes — Day's High 2420.6 — Day's Low 2389.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2390.8	2393.5	2395.7	2401.8	2406.8	2407.5	2407.4	2408.2	2417.2

FT-SE Eurotrack 200, Hourly changes — Day's High 1105.29 — Day's Low 1097.88

Open	10 30 am	11 am	12 pm	1 pm	2 pm	3 pm
1098.17	1098.02	1100.44	1101.65	1101.93	1102.63	1101.84

GILT EDGED ACTIVITY

Indices*	July 31	July 30
Gilt Edged Bargains	101.2	82.0
5 – Day average	88.3	84.7

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	1	448	-2	Comm Union	1,100	442	+13	Lonrho	289	80		Shell Transport	6,300	469	-2
ASDA Group	8,600	25		Cookson	1,600	143	-1	Lucas	932	105		Siebe	444	630	-6
Abbey National	6,600	255	-3½	Courtaulds	297	465	+4	MB Caradon	576	248	+4	Slough Ests	430	117	+1
Albert Fisher	1,200	38		Dalgety	156	402	+4	MEPC	1,100	246	+10	Smith (W.H.) A	268	388	+4
Allied-Lyons	933	618	+3	De La Rue	541	588	+5	Manweb	286	332	-2	Smith & Nephew	3,000	137¼	+½
Amstrad	382	25	-½	Dixons	38	209	+1	Marks & Spencer	1,700	315	+6½	SmKl Beecham	2,200	471	+1
Anglian Water	840	392	+9	Eastern Elect	338	358	+1	Midlands Elect.	634	259	+1	SmKl Beecham Uts	583	424	+4
Argos	375	217	-2	East Midland Elect	1,000	281	+5	NFC	663	245	+6	Smiths Inds	173	289	+4
Argyll Group	1,200	352	+9	Eng China Clays	440	484	+15	NatWest Bank	1,400	324	+6	Southern Elect	11	287	+4
Arjo Wiggins	1,100	215	+3	Enterprise Oil	518	330	+8	National Power	1,200	243	+5	South Wales Elect	377	337	+4
Ass. Brit. Foods	1,300	403	+6	Eurotunnel Units	37	315	-1	Next	229	69	-1	South West Water	303	393	+3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coats Viyella	955	173	+1	London Elect	577	283	+3	Severn Trent Water	194	388	+8	Yorkshire Water	616	434	+16

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE FIRMER performance by sterling, which followed news of an opinion poll showing a majority of the French public in favour of the Maastricht Treaty, helped to boost stock index futures already strengthened by an early squeeze, writes Joel Kibazo.

The FT-SE futures contract for September delivery opened strongly at 2,402 and was soon in demand as independent traders moved to cover short positions. This early strength soon helped lift the underlying cash market from weakness seen at its opening.

The squeeze in the contract continued and by mid-morning it was trading at 2,425. News of the opinion poll only served to add to the upward momentum, as did the strength in gilts. The firm opening on Wall Street also provided further help and the session's high of 2,449 was reached just before the official market close of 2,445. This was 31 up from its previous close and around 18 points above its estimated fair value premium to cash of about 12. Turnover at 6,184 was poor.

The volume in traded options reached 26,312 in a session said to have lacked strong features. The FT-SE 100 option recorded 10,051 lots, with the Euro FTSE option trading 4,624 contracts. British Aerospace was the most active stock option on 2,651 contracts.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
Exch 12¼pc 1992		100⅞xd		101¼	100⅞	12.22	-
13½pc 1992		100⅞		102⅛	100⅞	13.45	9.99
Treas 8¼pc 1993		99⅝xd		99½	97⅞	8.32	9.74
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Exch 12¼pc 1999		112¾	-⅛	115⅞	109½	10.86	9.58
Treas 10½pc 1999		105⅞	-⅛	107⅞	101⅞	9.88	9.42
Conversion 10¼pc 1999		104⅞		106⅞	100⅞	9.84	9.42
9pc 2000‡‡		98⅞xd	+⅛	100⅞	94⅝	9.11	9.22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield (1)	Yield (2)
Index – Linked	(b)						
Treas. 2pc '94	(102.9)	126⅞	+⅛	127⅝	122⅝	2.90	4.33
2pc '96	(67.9)	181⅞		184⅛	176⅜	3.89	4.44
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

Notes	Price £	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs h	15⅞ xd	+⅛	15½	14⅝	13,362	2.0
ψAllegheny & W	331p	+5	338p	226p	172.8	4.7
Amdahl	730p	—	1169p	708p	617.9	0.7
Amer Cyanamid	32¼	—	37	28⅝	2,938	2.7
Amer Express	11¹³⁄₁₆ xd	—	13⅞	10⅝	5,620	4.4
Amer T & T	22⅜ xd	-⅛	24⅞	20¼	38,174	3.0
Ameritech	36⅛	—	36¹¹⁄₁₆	32½	15,016	5.1
BankAmerica	23½ xd	+⅛	27⅛	19⅝	8,080	2.9
Bankers NY	31⅞ xd	—	37¼	28⅞	2,641	4.6
Bell Atlantic	24⅝	—	28⅜	23⅛	16,688	5.5
BellSouth	27½	—	29⅛	25	13,444	5.3
ψBethlehem Steel	7⅜ xd	-⅛	9⅝	6⅞	598.1	—
Bowater	1053p xd	—	1579p	1018p	383.3	5.9
CPC h	24⅞ xd	-⅛	25⅛	22⅛	3,767	2.5
ψCadiz Land Inc	142p	—	342p	142p	—	—
California Engy	622p	-1	838p	595p	119.4	—
Campbell Soup	19⅞ xd	—	23⅝	17⅞	4,926	2.1
Chase Manhattan	12¹³⁄₁₆ xd	-⅛	15½	9⅛	1,819	4.9
Chrysler	11⅜ xd	+⅛	11½	6⅛	3,322	2.8
Citicorp	10⅝ xd	+⅛	11¼	5⅜	3,617	—
Colgate-Palm	27¼ xd	—	29⅞	25¼	4,336	2.4
Cont'l Bank	913p	—	1030p	499p	922.6	3.4
Dana	21⅞ xd	+⅛	24½	14⅞	978.2	3.9
Data General	476p	—	1004p	386p	131.3	—
ψDecora Inds	121p	—	122p	88p	—	—
Dun & Brad	30⅜	—	33½	27⅜	3,419	3.9
Exxon	41⅛	—	46½	32½	1,411	2.8
Echlin	10⅞ xd	+⅛	11	7⅜	582.9	3.6
FPL	19¹³⁄₁₆ xd	+⅛	20	16⅛	3,413	6.5
Fluor	26⅝	-⅛	27	19¼	1,672	1.0
Ford Motor	23⅛ xd	+⅛	26⅞	15	11,891	2.2
Gen Elect	39⅝ xd	-⅛	46¼	36⅝	34,240	3.1
ψGeneral Host	474p	+5	558p	380p	—	4.0
Gillette	27¼ xd	+⅛	29⅞	23⅜	5,976	1.4
Hasbro	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.7

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
St Gobain FFr	£36⅝	-½	£51¼	£41	3,084	4.0
Sharpe & Fisher	67	-1	98	57	11.8	9.4
♣Shaw (A)	49	-1	58	21	4.29	3.5
Sheffield Insuls	96	—	111	70	23.3	7.5
■Spring Ram	116	-4	181	115	419.7	0.3
■Stanmin	7½	—	15	7½	24.9	5.3
■Tarmac	64	—	181	60	469.8	11.5
♣Tilon †	145	—	170	85	16.3	3.0
■Travis Perkins	138	—	228	137	148.2	7.7
♣Tudor	36	—	38	31	3.83	1.9
■Unigroup	13	—	24	8½	3.81	—
Ward Group ‡	53p	—	91	62	16.8	‡
♣Waterhouse	35	—	43	23	0.88	‡
■Wickes	98	—	104	53	197.0	—
■Wilshaw	14⅛	—	18¼	8¼	11.2	3.7
■Wolseley	329	-2	479	304	706.1	6.0

BUSINESS SERVICES

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
■ADT $	449	-2	533	343	629.3	—
For ATA Selection see Broadcasting						
Adam & Harvey	213	—	248	195	6.12	6.9
♣Air London †	91	—	127	61	7.16	5.3
African Lakes	42	-5	83	42	2.88	6.3
■Auto'ted Sec †	121	—	152	81	136.5	5.5
■BET g	118½	+½	188	103	1,032	7.8
■BNB Res	66	—	100	65	16.9	9.9
BPP	243	—	263	208	91.5	3.8
Barbour Index	230	—	280	178	38.3	4.2
■Boustead ♦	30½	—	38½	20	25.8	3.1
■Brit Data Mangt R	133	+5	165	111	30.9	4.0
♣Broadcastle	11	—	14	9	1.75	—
Brooks Service	[illegible]	—	101	66	9.97	6.5

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

MEDIA

MEDIA - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

For Matheson see Cannon UT

For Mayflower Mngmt see Sheppards UT Mngmt

Mercury Fund Managers Ltd (1000)H
33 King William St, EC4R 9AS 071-280 2060

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5	127.1	127.1	135 3	+0 50	0 00
(Accum Units)	5	135.9	135.9	144 6	+0 50	0.00
American Opps	5	50 98	51 52	54 96	+0 11	0 00
(Accum Units)	5	51 68	52.23	55 72	+0 12	0.00
British Blue Chip	5	59 61	59 65	63.63	-0 01	4 19
(Accum Units)	5	68 18	68.22	72 77	-0.02	4.19
Cash *	0	100 4	100 4xd	100 4	+0 10	9.81
(Accum Units) *	0	123 8	123.8xd	123.8	+0 10	9.81
European Growth	5	152 1	152 1xd	160.9	-0 90	0 56
(Accum Units)	5	163 0	163 0xd	172.5	-0.90	0 56
European Income	5	59 32	59 32xd	62.82	-0.36	3.74
(Accum Units)	5	74.09	74 09xd	78 46	-0.45	3 74
General	5	366 3	367.9	392 5	+0 30	3 09
(Accum Units)	5	680 7	684 0	729 6	+0 60	3.09
Global Bond	5	104 9	104 9	110.2	-0 30	6.71
(Accum Units)	5	111.8	111 8	117 4	-0 40	6.71

For National & Provincial UT Mngrs see N&P UT Mngmt

Newton Fund Mngrs Ltd (1200)F
2, London Bridge, SE1 9RA 071-407 4404

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Newton Income	6	152.66	156 04xd	166.01	+0.36	5.49
Newton Global	6	192 89	192.89	205.21	-0.64	2.31
Newton General	6	122.27	124 96	132 94	-0 06	3 72
Newton Intl Bd	6	96.52	97.92	104 18	-0 13	7.47

Norwich Union Tst Managers (1200)H
PO Box 124, 51/59 Rose Lane, Norwich 0603 682234

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Master Trust	6	83.42	83 42	88 74	-0 27	3 99
UK Equity†	6	101.81	103 32	109 92	+0.10	4.55
UK Equity Income	6	97.07	98.81	105.12	+0.06	6.04
UK Smaller Co's	6	84.88	88.11xd	93.73	-0.20	3.16
UK Equity Growth	6	95.19	96.75	102 93	+0.11	5.22
UK Index Tracking ◆	6	100.97	101.60	108.09	-0.50	4 88
Intl Index Tracking	6	88 77	89.53	95 24	-0.39	1 56
International	6	144.44	146.94	155.26	-0.41	2 33
European	6	116.09	116.96	124 43	-1 84	1 45
Pan European	6	88.36	89 908	95.64	+0.09	3 43
Nth American	6	116.35	117 31	124 80	-0 15	2 16
Nth Amer Smllr Cos	6	102.27	104 10xd	110.74	+1.02	0.00
Japanese	6	47 68	48.38xd	51.47	-0.48	0.00
Pacific	6	116.38	118.11xd	125 65	-0.49	1.23
South East Asian	6	119 82	121.70	129 47	-0.44	1.25
International Bond	6	101.41	101.53xd	108.01	-0 41	6.39
Gilt & Convertible	6	98.19	98.43xd	104 71	[illegible]	8.04
Property	6	67.16	69.09xd	73.50	+0.16	7.01
Cash Deposit Accum	0	102.13	102.13	102.13	+0 05	9 35

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

FT MANAGED FUNDS SERVICE

Cityline. Calls charged at 36p/minute cheap rate free Unit Trust Code Booklet ring (071) 925-2128.

Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5	252.3	252.3	268.2	-0.5	0.88
(Accum Units)	5	297.0	297.0	315.7	-0.6	0.88
British	5	757.5	773.8	828.7	+0.9	6.57
(Accum Units)	5	1270.3	1297.7	1373.0	+1.5	6.57
European	5	329.7	329.7	351.1	-0.1	1.38
(Accum Units)	5	357.4	357.4	380.6	-0.1	1.38
Japan	5	81.89	81.89	86.98	-0.34	-
(Accum Units)	5	82.55	82.55	87.58	-0.34	-
New Pacific	5	196.1	197.0	209.8	+0.6	2.69
(Accum Units)	5	203.7	204.7	218.0	+0.6	2.69
Smaller Co Jun 12	0	130.1	133.1	141.1	-	-
Mngd Equity	5	118.4	119.7	126.6	-3.8	4.04
Mngd Equity Acc	5	127.6	130.0	136.5	-4.1	4.04
Mngd Cash	0	95.98	95.98	95.98	+0.05	9.57
(Accum Units)	0	122.7	122.7	122.7	+0.10	9.57
Majority Stlg	1	100.10	100.10	101.10	+0.09	9.42
Majority Stlg Acc	1	112.91	112.91	114.04	+0.07	9.42

Stonehouse Int'l Inv Mngrs Ltd (1200)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
International Jul 31	0	47.67	47.67	48.07	-0.33	1.54

Sun Alliance Unit Tst Mngmt Ltd (1200)F
St Mark's Court, Horsham 0403 232323

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity	6	578.3	578.3	618.5	+1.5	3.35
North America	6	76.22	76.22	81.52	-0.05	0.77
Far East	6	78.02	78.02	83.44	-0.22	0.52
W'wide Bond	6	47.34	47.34	50.57	-0.17	6.16
European	6	64.18	64.18	68.64	-0.20	1.49
Equity Income	6	63.47	63.47	67.88	-0.71	5.61
Portfolio	6	54.02	54.02	57.78	-0.02	1.92
UK Leading Cos	6	41.63	42.22	44.91	+0.15	3.43
Broker Trustee Intnl Equity	6	41.52	42.19	45.12	+0.01	3.09

Sun Life of Canada Unit Mgrs Ltd (1000)H
Basingview, Basingstoke, Hants 0800 525725

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Growth	6	24.98	24.98	26.72	-0.13	0.49
Managed Assets	6	95.19	95.87	102.34	-0.35	4.35
UK Income	6	28.88	29.22	31.26	-0.11	6.30
UK Growth	6	29.60	29.96	32.05	-0.08	3.44
Worldwide Growth	6	21.36	21.36	22.85	-0.20	1.34

Sun Life Trust Mngmt Ltd (1200)H
101, Cannon St, London EC4N 5AD
Admin & Enq: 071-606 4044 Dealing: 071-606 6010

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Master Portfolio	5¼	30.73	30.73	32.87	-0.06	2.43
Amer Growth Acc	5¼	40.09	40.09	42.82	-0.01	0.00
Cap Protector Acc	5¼	35.04	35.58	38.05	-0.06	4.27
Cap Protector Inc	5¼	30.42	30.89	33.04	-0.05	4.27
Euro Growth Acc	5¼	54.20	54.20	57.79	-0.09	0.86
Far East Grth Acc	5¼	73.16	73.16	78.25	-0.34	0.20
Japan Growth Acc	5¼	62.80	62.80	67.12	-0.39	0.00
UK Growth Acc	5¼	52.28	52.99	56.67	+0.79	2.89
UK Income Acc	5¼	52.45	53.20	56.90	+0.74	4.85
UK Income Inc	5¼	38.41	38.96	41.66	+0.56	4.85
Mngd Extra Income Inc	5¼	24.95	24.91	26.64	-0.02	5.42
Mngd Extra Income Acc	5¼	26.86	26.93	28.80	-0.03	5.42
Mngd Growth Acc	5¼	62.29	62.41	66.75	+0.06	2.14
Mngd High Yield Inc	5¼	58.34	58.39	62.45	-0.17	6.94
Mngd High Yield Acc	5¼	68.42	68.42	73.18	-0.18	6.94

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Pearl Assurance (Unit Funds) Ltd				
Lynch Wood, Peterborough PE2 6FY 0733 470470				
Property Dist. (Gross)	135.7	142.8	+0.1	-
Property Acc (Gross)	258.5	272.1	+0.1	-
Equity (Gross)	820.2	863.4	-1.7	-
Managed (Gross)	583.8	614.5	-1.5	-
Property Acc. (Net)	123.6	130.1	+0.1	-
Equity (Net)	191.4	201.5	-0.4	-
Adventurous Managed	88.9	93.6	-0.1	-
Managed (Net)	180.3	189.8	-0.4	-
Cautious Managed	96.0	101.1	-0.2	-
International (Net)	152.7	160.7	-1.1	-
Gilt & Fixed Interest	141.0	148.5	-0.3	-
Money Fund	140.7	148.1	+0.1	-
Mixed Fund (Cap)	112.2	118.2	+0.5	-
Mixed Fund (Acc)	116.8	123.0	+0.5	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	632.3	665.6	-0.6	-
Ret Man (Series 2)	214.4	225.7	-0.3	-
Ret Cash	198.9	209.3	+0.1	-
Pens Mixed Fd (Cap)	123.7	130.3	+0.3	-
Pens Mixed Fd (Acc)	128.8	135.6	+0.3	-
Pens Stlg Fd (Cap)	104.1	109.6	+0.1	-
Pens Stlg Fd (Acc)	108.4	114.2	+0.3	-

For Pioneer Mutual see Swiss Pioneer

	Bid Price	Offer Price	+ or -	Yield Gross
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	127.0	134.0	-	-
Building Soc. Fd.	224.0	236.0	-	-
Balanced	255.0	269.0	-	-
European	201.0	212.0	-1.0	-
GT Managed	178.0	188.0	-	-
Gartmore Mngd	118.0	125.0	+2.0	-
German	126.0	133.0	-	-
Gilt	169.0	178.0	+1.0	-
Global	37.0	39.0	-	-
International Equity	185.0	195.0	-	-
Japan	138.0	146.0	-1.0	-
Leisure	47.0	50.0	-1.0	-

	Bid Price	Offer Price	+ or -	Yield Gross
Provident Mutual Life Assc. Assn. - Contd.				
Pension Funds				
Managed Ord	441.7	464.9	+0.3	-
Managed Init	321.3	338.2	+0.1	-
Equity Ord	670.8	706.1	+1.9	-
Equity Init	487.9	513.6	+1.2	-
Pen Ind Lkd Gilt Ord	184.6	194.3	-0.9	-
Pen Ind Lkd Gilt Init	140.2	147.6	-0.7	-
Overseas Equity Ord	280.7	295.5	-0.9	-
Overseas Equity Init	204.2	214.9	-0.8	-
Property Ord	280.7	295.5	+0.2	-
Property Init	204.2	214.9	+0.1	-
Fixed Interest Ord	291.3	306.6	-0.5	-
Fixed Interest Init	211.9	223.1	-0.3	-
Deposit Ord	271.0	285.3	+0.2	-
Deposit Init	197.1	207.5	+0.1	-
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prufund				
Managed Jul 29	244.1	254.3	...	-
Prudential Corporate Pension Funds				
1 Stephen St, London W1P 2AP 071-548 3281				
Prudential Managed Funds				
Discretionary Jul 29	£175.27	180.88	...	-
Equity Jul 29	£200.40	207.26	...	-
International Jul 29	£24.65	25.32	...	-
Intl Bond Jul 29	£14.11	14.32	...	-
Fixed Int. Jul 29	£106.31	107.52	...	-
Index Linked Jul 29	£76.03	76.99	...	-
Property Jul 29	£109.92	115.98	...	-
Cash Jul 29	£31.0442	31.0442	...	-
Pru-Linked Retirement Plan				
Managed Jul 29	418.5	436.0	...	-
Cash Jul 29	285.1	297.0	...	-
Prudential Pension Investment Account				
Pens Mngd Aug 4	169.8	182.6	+0.2	-
Pens UK Eq Aug 4	298.1	321.4	+1.0	-
Pens Intl Aug 4	182.8	196.0	-0.5	-

	Bid Price	Offer Price	+ or -	Yield Gross
Scottish Amicable				
150 St Vincent St, Glasgow				
Life Funds (First Series)				
Managed	319.0	335[illegible]		
Equity	405.8	427[illegible]		
Property	226.0	237[illegible]		
International	284.4	299[illegible]		
Japanese	69.0	72[illegible]		
Asia Pacific	99.8	105[illegible]		
European	92.1	96[illegible]		
American	99.6	104[illegible]		
Fixed Interest	297.4	313[illegible]		
Index-Linked Gilt	157.0	165[illegible]		
Cash	210.9	221[illegible]		
Life Funds (Second Series)				
Managed	88.4	93[illegible]		
Equity	86.9	91[illegible]		
Property	95.4	99[illegible]		
International	87.4	92[illegible]		
Japanese	68.8	72[illegible]		
Asia Pacific	97.5	102[illegible]		
European	90.9	95[illegible]		
American	96.9	102[illegible]		
Fixed Interest	111.3	117[illegible]		
Index-Linked Gilt	100.0	105[illegible]		
Cash	104.0	109[illegible]		
Pension Funds				
Building Society	163.6	172[illegible]		
Managed (Init)	184.5	194[illegible]		
Managed (Acc)	347.0	365[illegible]		
Equity (Init)	212.8	224[illegible]		
Equity (Acc)	400.4	421[illegible]		
Property (Init)	149.9	157[illegible]		
Property (Acc)	280.3	295[illegible]		
International (Init)	162.8	171[illegible]		
International (Acc)	306.2	322[illegible]		
Fixed Interest (Init)	199.4	209[illegible]		
Fixed Interest (Acc)	375.0	394[illegible]		
Cash (Init)	153.2	161[illegible]		
Cash (Acc)	288.2	303[illegible]		

OFFSHORE INSURANCES

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CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

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JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls back on indicators

THE DOLLAR was boosted against the D-Mark by a new threat of central bank intervention yesterday, but later lost ground on a lacklustre set of US economic indicators, *writes James Blitz.*

An unnamed official at the Bank of Italy said the central banks were prepared to intervene in the market again to keep the dollar off its lows, and this boosted the currency by ½ pfennig up to DM1.4765 in the European morning.

The currency slipped later as a mixed bag of indicators showed no clear sign of an economic upturn in the US. Construction spending in the US fell by 1.5 per cent in June, while the National Association of Purchasing Managers Index for July rose to 54.2 per cent from 52.8 per cent, with supplier deliveries the slowest since March 1989.

The dollar finished a net ½ pfennig down at DM1.4760. In New York it gave further ground to close at DM1.4733.

There is uncertainty in the markets as to whether the central banks have a firm policy to keep the dollar above its all-time low.

According to analysts at UBS Phillips & Drew in London: "The threat of another bout of central bank intervention will continue to deter the establishment of aggressive short dollar positions." But other traders feel that the authorities in the US may be willing to see the dollar drop below the historic low of DM1.4470 after all.

One London-based analyst wondered why there was no official intervention last week when the dollar fell below levels at which the central banks had intervened on July 20. "If the central banks do not show their hand shortly between DM1.4600 and DM1.4470, they will risk losing credibility in the eyes of the market," he said.

The *D-Mark* lost some ground to the dollar and European currencies after an opinion poll conducted by French newspaper *La Liberation* showed that 57 per cent of those polled would vote in favour of European political and monetary union in next month's French referendum. Signs that the Maastricht treaty will be ratified weakened the D-Mark because the treaty commits European Community member countries to stringent convergence criteria.

However, this was not enough to offset the D-Mark's increasing attractiveness. Sterling ended the day lower at DM2.8400 from a previous close of DM2.8430, while the German unit edged up to FFr3.3790 after a previous FFr3.3780.

The Italian lira was firm against the D-Mark yesterday following the Italian government's decision to abolish the *scala mobile*, which has set inflation-linked wage rises for most of Italy's workers since 1945. *The lira closed at L755.3* to the D-Mark, compared to L755.9 previously.

£ IN NEW YORK

Aug.3	Close	Previous Close
£ Spot	1.9250-1.9260	1.9270-1.9280
1 month	1.21-1.19pm	1.11-1.09pm
3 months	3.27-3.24pm	3.28-3.25pm
12 months	11.5-11.4pm	11.60-11.50p

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug.3	Previous
8.30 am	92.3	92.3
9.00 am	92.3	92.2
10.00 am	92.3	92.1
11.00 am	92.2	92.2
Noon	92.2	92.1
1.00 pm	92.2	92.1
2.00 pm	92.2	92.1
3.00 pm	92.2	92.1
4.00 pm	92.4	92.3

CURRENCY MOVEMENTS

Aug 3	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.4	-20.3
U.S Dollar	60.3	-18.4
Canadian Dollar	99.2	-2.1
Austrian Schilling	111.1	+12.9
Belgian Franc	113.0	-0.9
Danish Krone	111.5	+5.2
D-Mark	121.1	+26.9
Swiss Franc	110.1	+18.1
Dutch Guilder	116.2	+17.4
French Franc	106.2	-10.7
Lira	100.1	-19.2
Yen	137.0	+73.2
Peseta	108.5	-17.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for July 31

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 3	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	178.735	173.588	-2.88	6.11	47
Spanish Peseta	133.631	129.992	-2.72	5.94	46
Belgian Franc	42.4032	42.0440	-0.85	3.94	28
D-Mark	2.05586	2.04111	-0.72	3.80	29
Dutch Guilder	2.31643	2.30134	-0.65	3.73	19
Irish Punt	0.767417	0.766321	-0.14	3.20	-5
French Franc	6.89509	6.89298	-0.03	3.09	-13
Danish Krone	7.84195	7.85106	0.12	2.94	-17
Italian Lira	1538.24	1541.57	0.22	2.83	-23
Sterling	0.696904	0.718202	3.06	0.00	-60

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9195 - 1.9295	1.9235 - 1.9245	1.21-1.19cpm	7.48	3.28-3.25pm	6.79
Canada	2.2735 - 2.2825	2.2780 - 2.2790	1.07-1.00cpm	5.45	2.92-2.80pm	5.02
Netherlands	3.2000 - 3.2180	3.2060 - 3.2100	⅛-parcpm	0.23	⅜-¼pm	0.39
Belgium	58.50 - 58.70	58.60 - 58.70	7-2cpm	0.92	9-4pm	0.44

Commercial rates taken towards the end of London trading.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

CURRENCY RATES

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

*Floating rate. Iran Official rate:£121.35 $63.75

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000 Belgian Fr. per 100 Peseta per 100

FINANCIAL FUTURES AND OPTIONS

Estimated volume 41,548 † Total Open Interest 623,416
† All Yield & Open Interest figures are for the previous day.

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bnk.	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Dao Heng Bank Plc	11	Mount Banking	10
● Henry Ansbacher	10	Duncan Lawrie	10	NatWestminster	10
B & C Merchant Bank	10.5	Equatorial Bank plc	10	Northern Bank Ltd	10
Bank of Baroda	10	Exeter Bank Limited	10.5	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	Financial & Gen. Bank	10	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co.	10	● Rea Brothers	10
Bank of Ireland	10	Robert Fraser & Ptrs.	10.5	Roxburghe Bank Ltd.	11
Bank of India	10	Girobank	10	Royal Bk of Scotland	10
Bank of Scotland	10	● Guinness Mahon	10	● Smith & Williamson Secs.	10
Banque Belge Ltd	10	Habib Bank AG Zurich	10	Standard Chartered	10
Barclays Bank	10	● Hambros Bank	10	TSB	10
Brit. Bk of Mid East	10	Hampshire Trust Plc	13.5	Unibank plc	10
● Brown Shipley	10	Heritable & Gen Inv Bnk.	10	● United Bk of Kuwait	10
CL Bank Nederland	10	● Hill Samuel	10	Unity Trust Bank Plc	10
Citibank NA	10	C. Hoare & Co.	10	Western Trust	10
City Merchants Bank	10	Hongkong & Shanghai	10	Whiteaway Laidlaw	10
Clydesdale Bank	10	Julian Hodge Bank	10	Yorkshire Bank	10
Co-operative Bank	10	● Leopold Joseph & Sons	10		
Coutts & Co	10	Lloyds Bank	10		
		Meghraj Bank Ltd	10		

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MONEY MARKETS

Very bearish mood

DEALERS IN the sterling money market were unwaveringly bearish yesterday, as cash rates reached their most expensive levels since base rates were cut to 10 per cent.

There were no significant indicators affecting the sterling market yesterday, but the speculation about a currency devaluation continues to haunt dealers. Over the weekend, British business leaders continued to press for the UK government to change its view on sterling's place in the European Monetary System. The meeting of the Bundesbank council on Thursday is also anxiously awaited, even though few analysts expect a Lombard rate rise this time round.

UK clearing bank base lending rate 10 per cent from May 5, 1992

Under these pressures, period rates firmed to new highs. Three-month money was offered at 10 1/16 per cent, compared to 10⅜ per cent on Friday night, while the one-year rate was up to 10½ per cent from 10 7/16 per cent. Both figures discount a half-point increase in base rates this year.

Trading in sterling futures was similarly bearish. The September short sterling contract dipped 5 basis points yesterday morning to a low of 89.58, but recovered to close at 89.66. The September contract has dipped to the mid-50s since base rates were at 10 per cent, and one commercial bank trader expected it to be back down there soon.

"The market is unlikely to be in a better mood before the French referendum on Maastricht in mid-September," he said, "and we will easily see those levels again."

The Bank of England's operations in the cash market were much easier, now that the end-of-month difficulties are over. The Bank operated at the established rates of 9⅞ per cent for Bands 1 and 2 and 9 15/16 per cent for the repurchase agreement (repo) repayable on August 24.

In the morning, the Bank purchased £112m of Band 1 bank bills, £30m of Band 2 bank bills and £670m in the repo. Later the Bank bought £311m in Band 1. In the afternoon, it purchased £100m in Band 1. Late assistance was provided of £70m.

In Germany, call money rates held firm, with traders reporting scattered demand in morning trade. They quoted rates of 9.65-9.75 per cent for overnight money, broadly unchanged from Friday.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

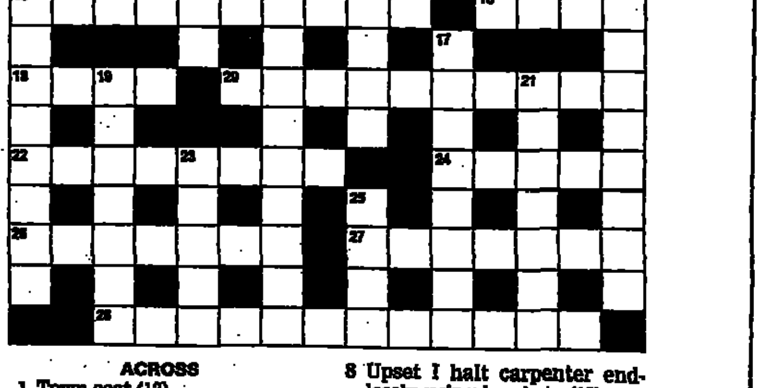
MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CROSSWORD

No.7,916 Set by QUARK



ACROSS
1 Town coat (12)
10 Lace with gin becoming transformed like a spirit (7)
11 I am seen in variety in the garden (7)
12 Pretext old people use partly for praise (5)
13 Confine cramp (8)
15 Record stock around controlled staff college (10)
16 Bird act, we hear (4)
18 Test once before noon (4)
20 Film operation at a lower rate (4,6)
22 August – when I am briefly setting a problem (8)
24 Numbers game (5)
26 General hair control retained by a Panama (7)
27 Provided for card with tee when starting (7)
28 One signalling the main line? (6,6)

DOWN
2 Intake at the top table? (4,3)
3 Feels left out by ship, but ungrudging (8)
4 Cut into yield, top no longer (4)
5 On board a handy vessel? (10)
6 English male came across rare ant (5)
7 Undeterred by river surrounding a depth of earth (7)
8 Upset I halt carpenter endlessly using brackets (13)
9 Put away the actors who are biased (4,2,3,4)
14 Stretch out on to left and right page in turn (10)
17 The paper for good wedding coverage (8)
19 A student about to c-cut items to wear (7)
21 Poet's contribution could be the opposite in effect (7)
23 Brown monkeys climbing around one (5)
25 Boat company in the south-west (4)

Solution to Puzzle No.7,915

C	H	O	K	E	R		P	R	O	J	E	C	T	S
O		R		S				U		E		H		H
N	U	A	N	C	E		O	B	S	O	L	E	T	E
T		N		A		S		Y		P		A		A
E	G	G	S	P	O	O	N		C	A	R	P	E	T
S		U		E		N		E		R				H
T	A	T	E		T	A	B	L	E	D	H	O	T	E
		A		R		T		E		Y		R		
C	O	N	V	E	Y	A	N	C	E		S	T	A	B
L				H		S		T		C		H		R
A	L	L	I	E	D		M	O	N	O	T	O	N	E
M		E		A		O		R		R		D		A
B	E	V	E	R	A	G	E		U	N	H	O	O	K
E		E		S		L				E		X		E
R	E	L	I	E	V	E	D		S	T	A	Y	E	R

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Aug 3	Jul 31	Jul 30	Jul 29	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	3395.40	3393.78	3391.89	3379.19	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.04	102.13	102.13	101.93	102.13 (30/7)	98.41 (20/3)	102.13 (30/7/92)	54.99 (1/10/81)
Transport	1314.76	1317.64	1328.75	1309.97	1467.68 (20/2)	1269.74 (23/7)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	225.46	225.40	224.59	223.46	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 3413.23 (3414.85) Low 3365.14 (3371.89)

STANDARD AND POOR'S

	Aug 3	Jul 31	Jul 30	Jul 29	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	425.09	424.21	423.92	422.23	425.09 (3/8)	394.50 (8/4)	425.09 (3/8/92)	4.40 (1/6/32)
Industrials	499.51	498.11	497.80	495.70	499.51 (3/8)	470.91 (8/4)	499.51 (3/8/92)	3.62 (21/6/32)
Financial	36.66	36.60	36.63	36.48	36.66 (3/8)	32.40 (8/4)	36.66 (3/8/92)	8.64 (1/10/74)
NYSE Composite	233.66	233.15	232.89	231.95	233.66 (3/8)	217.92 (8/4)	233.66 (3/8/92)	4.46 (25/4/42)
Amex Mkt. Value	390.87	388.85	387.10	385.94	418.99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	582.36	580.83	578.80	577.49	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Jul 31	Jul 24	Jul 17	year ago (approx.)
Dow Industrial Div. Yield	3.07	3.17	3.13	3.07

	Jul 29	Jul 22	Jul 15	year ago (approx.)
S & P Industrial div. yield	2.59	2.68	2.64	2.77
S & P Indl. P/E ratio	29.31	28.50	28.95	19.02

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Chase Manhattan	4,412,200	24¾	-⅛
Philip Morris	1,899,800	80¾	+½
Wellcome	1,882,600	15¼	..
Merck	1,821,200	52⅞	+1
McDonalds	1,758,600	42¼	-1⅛
Gt Western	1,719,800	17⅜	+⅛
RJR Nabisco	1,611,200	9	+¼
ADV Micro	1,560,500	9½	+⅝
USX-Marathon	1,458,000	20⅞	-⅝
Bristol Myers	1,414,700	70⅝	+1⅛

TRADING ACTIVITY

† Volume (Millions)	Aug 3	Jul 31	Jul 30
New York SE	164.360	172.920	190.308
Amex	11.118	10.257	11.044
NASDAQ	(u)	168.785	168.750
NYSE			
Issues Traded	2,307	2,326	2,327
Rises	965	976	1,023
Falls	774	785	710
Unchanged	568	565	594
New Highs	129	144	114
New Lows	16	14	17

CANADA

TORONTO	Aug 3	Jul 31	Jul 30	Jul 29	1992 HIGH	1992 LOW
Metals & Minerals	(c)	3076.09	3069.92	3081.65	3238.87 (16/1)	2828.26 (8/4)
Composite	(c)	3443.40	3425.60	3424.60	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1804.98	1809.05	1801.30	1803.04	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug 3	Jul 31	Jul 30	Jul 29	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1617.3	1617.7	1621.0	1612.3	1684.50 (22/5)	1545.30 (9/4)
All Mining (1/1/80)	708.9	707.6	709.9	708.7	726.80 (3/7)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	322.09	326.31	329.80	329.87	458.57 (24/2)	322.09 (3/8)
Traded Index (2/1/91)	766.91	782.62	792.16	790.95	1099.43 (24/2)	765.77 (27/7)
BELGIUM						
BEL20 (1/1/91)	1137.78	1146.26	1141.18	1137.04	1235.40 (2/6)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	306.59	308.52	309.79	309.56	365.29 (15/1)	306.59 (3/8)
FINLAND						
HEX General (28/12/90)	683.1	683.6	685.8	692.7	935.90 (24/2)	683.00 (31/7)
FRANCE						
CAC General (31/12/82)	482.48	488.06	491.60	483.94	555.93 (12/5)	475.53 (2/1)
CAC 40 (31/12/87)	1784.44	1754.67	1782.57	1801.63	2077.49 (11/5)	727.49 (22/7)
GERMANY						
FAZ Aktien (31/12/58)	631.84	636.90	643.02	643.05	725.26 (26/5)	631.84 (3/8)
Commerzbank (1/12/53)	1785.3	1798.5	1816.5	1816.5	2043.80 (25/5)	1785.30 (3/8)
DAX (30/12/87)	1594.71	1613.17	1623.99	1628.15	1811.57 (25/5)	1578.73 (18/7)
HONG KONG						
Hang Seng Bank (31/7/64)	5918.73	5881.13	5829.83	5857.29	6162.53 (16/7)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	(c)	1273.16	1272.47	1270.94	1469.57 (17/1)	1262.98 (28/7)
ITALY						
Banca Com. Ital. (1972)	416.64	401.72	397.73	401.14	551.59 (6/2)	397.73 (30/7)
MIB General (2/1/92)	818.0	787.8	779.0	786.0	1086.00 (5/2)	779.00 (30/7)
JAPAN						
Nikkei (16/5/49)	15709.45	15910.28	15555.60	15095.95	23801.18 (6/1)	15095.95 (29/7)
Tokyo SE (Topix) (4/1/68)	1207.44	1219.25	1193.48	1170.93	1763.43 (6/1)	1170.93 (29/7)
2nd Section (4/1/68)	1706.84	1708.48	1704.26	1714.36	2459.85 (6/1)	1704.26 (30/7)
MALAYSIA						
KLSE Composite (4/4/86)	601.39	601.53	598.56	590.71	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl Rtn Gen. (End 1983)	291.6	290.8	289.7	290.7	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	199.2	198.6	198.0	198.7	215.50 (26/5)	192.40 (8/1)
NORWAY						
Oslo SE (Ord) (2/1/83)	669.44	671.82	679.25	674.48	772.74 (18/5)	643.24 (20/7)
PHILIPPINES						
Manila Comp (2/1/85)	1479.82	1499.50	1495.72	1485.31	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	388.18	389.64	388.84	384.67	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1041.0	1069.0	1077.0	1094.0	1327.00 (21/1)	1006.00 (24/4)
JSE Industrial (28/9/78)	4215.0	4242.0	4230.0	4199.0	4689.00 (4/6)	4103.00 (27/7)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	508.63	599.95	509.23	508.84	691.48 (8/2)	505.30 (20/7)
SPAIN						
Madrid SE (30/12/85)	216.15	216.32	215.68	215.93	266.51 (28/2)	211.35 (28/7)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	859.4	861.7	859.0	864.1	1014.50 (11/5)	834.70 (24/7)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	839.0	813.2	815.2	814.7	883.40 (11/5)	743.50 (8/1)
SBC General (1/4/87)	632.0	619.7	621.5	622.9	682.30 (11/5)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4072.08	4108.52	4029.53	3947.32	5391.63 (30/1)	3947.32 (29/7)
THAILAND						
Bangkok SET (30/4/75)	757.22	744.42	739.66	736.58	832.39 (7/4)	667.84 (19/5)
WORLD						
M.S. Capital Intl (1/1/70) (S)	494.8°	495.6	492.0	490.5	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	856.90	853.08	854.22	860.05	976.55 (25/5)	840.06 (27/7)

**Saturday August 1: Taiwan Weighted Price: 4101.84, Korea Comp Ex. 506.57.
‡ Subject to official recalculation. °Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed (u) Unavailable.

TOKYO - Most Active Stocks

Monday 3 August 1992

	Stocks Traded	Closing Prices	Change on day
Toshiba Corp	2.2m	610	-4
Meiji Milk Prod	2.1m	835	-40
Sumitomo Cmnt	2.0m	425	+10
Meiji Seika	1.3m	607	-10
NPN Steel Corp	1.1m	270	-7
Konica Corp	1.06m	631	
Jpn Mtl & Chem	1.04m	453	-31
Okamoto Inds	1.03m	1,020	-40
Osaka Gas	0.99m	408	-21
NEC Corporation	0.96m	750	-10

4:00 pm prices August 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	11⅞	AAR Corp x	0.46	3.7	20	375	13⅛	12⅝	13⅛	+½
26	18	A L Labs A	0.18	0.8	85	908	21½	19⅝	21⅜	+1¾
68¾	52⅝	AMP Inc x	1.52	2.8	21	1944	55¼	54¼	55⅛	+½
80¼	60⅞	AMR				242083	66¾	65¼	66	-⅛
2⅛	1⅜	ARX			2	28	1⅝	1⅝	1⅝	
53½	38¼	ASA	2.00	5.0	26	131	39⅞	39⅜	39⅝	-½
34¼	26⅛	Abbott Lab	0.60	1.9	22	5630	31	30⅝	31	+¼
13⅞	12	Abitibi Pr	0.50	3.7	7	4	13½	13½	13½	
11⅞	10⅛	ACM Gvt In x	0.96	8.4		101	11⅜	11¼	11⅜	
10⅝	9⅛	ACM GvOpp	0.94	9.8		92	9⅞	9⅝	9⅝	-⅛
9½	8½	ACM Gvt Sp x	0.82	8.9		679	9¼	9⅛	9¼	+1/16
11¼	10⅛	ACM Gvt Se	0.96	8.8		145	11	10⅞	10⅞	
10	8⅜	ACM Man	0.98	10.1		309	9¾	9⅝	9¾	
12⅞	10⅝	ACM Managd	1.21	10.9		132	11¼	11⅛	11⅛	
11¾	4¾	Acme Cleve	0.40	5.6	13	210	7¼	7⅛	7⅛	+⅛
6¼	4⅜	Acme Elect			4	z100	5	5	4⅞	
33¼	16⅛	Acuson			12	337	18⅞	18⅝	18¾	
19½	16⅛	Adams Expr	1.63	8.4	0	139	19⅜	18⅞	19⅜	+⅛
49⅛	29½	Ad Micro	3.00	8.7		232	34⅝	33⅞	34⅝	+⅞
21½	7½	Ad Micro P	3.00	31.6	3	1080	9½	8¾	9½	+⅝
9⅜	5	Advest Grp	0.16	2.8	80	153	5¾	5½	5⅝	
37¾	33	Aegon ADR	1.68	4.5	6	119	37	37	37	+⅛
47	36⅞	Aetna Lf x	2.76	6.4	6	1639	43¼	42⅞	42⅞	-⅛
12⅛	8⅜	Affil A	0.24	2.0	14	1046	u12⅛	11⅞	12⅛	+¼
34	24	Aflac	0.44	1.3	17	731	33¼	32⅞	33⅛	-¼
19⅞	15¼	Ahmanson	0.88	5.2	7	471	17⅛	16⅞	17	
22½	5¼	Aileen Inc			5	298	6	5⅞	5⅞	-¼
49½	38½	Air Pr Chm	0.86	2.0	18	1894	42⅝	42¼	42⅝	+⅛
29¾	12½	Airbne Frt	0.30	2.2	28	255	13⅞	13½	13⅝	-¼
34¼	22⅝	Airgas Inc			30	304	33¾	33¼	33¼	+⅜
12⅞	8⅛	Airlease	1.68	14.9	6	28	11⅛	11¼	11¼	
104	99½	AlaPw8.16	8.16	7.9		z100	102½	102½	103	+½
106½	101½	Alab Pw 9P	9.00	8.6		2	103½	103½	104½	-½
105	100¼	Alab 8.28C	8.28	8.0		z100	104	104	104	-¼

1992 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s
37½	25⅞	Belding Hy	0.64	2.0	22	11
48⅞	40⅛	Bell Atlan	2.60	5.4	14	5397
13⅛	9½	Bell Indus x	0.40	3.8	16	74
63¼	42⅝	BellSouth	2.76	5.3	16	2143
45¾	30⅝	Belo AH A x	0.56	1.3	32	225
28	19¼	Bemis	0.46	1.7	23	336
55	50	Benef 4.3P	4.30	7.8		15
67¼	55½	Benef	2.60	4.1	10	105
23⅛	18⅛	Benetton A	0.33	1.8	15	24
1⅞	⅜	Benguet B				46
9525	8575	Berksh Hwy				35
20¼	16¼	Berlitz	0.56	2.9	2	804
14⅞	10⅜	Berry Petr	0.60	4.9	17	313
28	14⅛	Best Buy			18	121
26	20¾	Beth St 2	2.50	10.1		160
61⅞	40⅝	Bethlhm Pf	5.00	10.0		33
17¼	12¾	Bethlhm St	0.40	2.9		12567
10⅛	7¼	Beverly En				201650
26½	16	Biocraft	0.10	0.5	60	80
31¼	21⅞	Brmingm S x	0.50	1.8	49	600
26⅞	18½	Black & D	0.40	1.8	26	755
32¼	25⅝	Black H PL	1.24	4.3	17	78
11⅜	10⅞	BlckrckAdv	0.95	8.4		35
10⅞	10¼	Blckrcklnc	0.96	9.1		774
11⅛	10⅜	BlckrckTgt	0.93	8.7		312
41⅛	30¼	Block H&R	0.88	2.5	23	2175
16¾	11⅛	Blockbustr	0.02	0.2	19	5281
8¼	7½	Blue Chip	0.78	9.8		31
12⅛	6½	BMC Ind			6	58
54⅝	36½	Boeing	1.00	2.5		86783
25⅛	16½	Boise Casc	0.60	3.4	4	711
6¾	4⅛	Bolt B & N x	0.08	1.3	18	164
22⅞	13¾	Bordn Ch x	2.10	11.3	13	27
24⅛	14⅛	Bordn Ch U x	2.04	10.7	14	407

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- V -

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
47⅞	38½	VF Corp	1.08	2.3	14	915	47¼	46½	47¼	+⅜
33⅜	22¼	Valero En x	0.44	1.7		296	25⅝	25⅛	25½	+⅛
11¾	7¾	ValeroNGas	2.00	23.5	5	141	8⅝	8⅜	8½	−⅛

- X - Y - Z -

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
82¼	66½	Xerox	3.00	4.0	18	855	74⅞	74¼	74¾	
53½	50½	Xerox4.125				3	53⅛	53	53⅛	
29½	24⅞	Xtra 1.94	1.94	6.5		76	u30⅛	29½	30	+¼
39	28½	Xtra Corp	0.80	2.0	14	374	u40	38⅝	40	+1½
28⅝	25¼	Yankee Egy	1.66	5.7	13	53	u28⅞	28⅝	28⅞	+¼
1½	½	Zapata			28	117	1⅛	1	1⅛	+⅛
11⅛	6¾	ZenithElec				41365	7⅜	7¼	7⅜	
19½	14½	Zenith Nat x	1.00	5.4	9	62	18½	18½	18½	
7⅛	6	Zenix Inc x	0.84	11.6		28	u7¼	7⅛	7¼	+⅛
13¾	10	Zero Corp x	0.40	3.3	19	t36	12	11¾	12	+1/2
38	27¼	Zurn Ind	0.88	2.9	33	94	30⅞	30⅝	30⅝	−⅛
14⅛	12	Zweig Fund	1.15	8.9		143	13	12¾	12⅞	−⅛
11	9½	Zweig Totl	0.96	9.0		686	10⅝	10½	10⅝	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full

AMEX COMPOSITE PRICES

4:00 pm prices August 3

NASDAQ NATIONAL MARKET

4:00 pm prices August 3

FINANCIAL TIMES

Tuesday August 4 1992

AMERICA

Dow keeps to narrow range in thin trading

Wall Street

US STOCK markets traded in a narrow range yesterday after last week's heady gains, as investors showed little reaction *to the latest report from the* country's purchasing managers, *writes Patrick Harverson in New York.*

The Dow Jones Industrial Average ended 1.62 up at 3,395.40, having rarely strayed far from opening values all day. The Standard & Poor's 500 firmed 0.97 to 425.18, while the *American SE composite gained* 2.02 at 390.87 and the Nasdaq composite was ahead 1.53 at 582.36. New York SE turnover was light at 164m shares.

Last week satisfied a lot of pent-up demand in the market, the Dow having jumped more than 100 points in the wake of a sharp fall in long-term interest rates. Analysts had expected the market to open easier as investors consolidated their recently won gains.

The day's most important economic news was from the National Association of Purchasing Management, which reported that its index of manufacturing conditions rose modestly in July to 54.2, from *June's 52.8. The figures* confirmed that the economy is still expanding, but at a painfully slow rate.

The most intriguing part of the report was the decline in the employment component of the index, which suggested that July's key employment report, due out on Friday, might display continued weakness in the labour market.

The Commerce Department yesterday reported a 1.5 per cent fall in June construction *spending, a worse figure than* expected but one which had little effect on the market.

Monsanto fell $1⅝ to $53⅜ in active trading after broking house PaineWebber lowered its rating on the stock to "sell" in the wake of the US Food and Drug Administration's (FDA) decision to approve a generic version manufactured by rival group Ivax of a Monsanto drug for the treatment of hypertension. PaineWebber also upgraded Ivax following the FDA decision, helping the *stock climb $4¾ to $29 on the* American Stock Exchange.

McDonald's also suffered from a broker's downgrade, the fast-food chain slipping $1 to $42¾ after Merrill Lynch reduced its intermediate-term rating on the stock from "buy" to "above-average", citing the discontinuation this weekend *of the market testing* of new dinner menu products.

Lincoln National rose $⅞ to $65½ after the insurance holding company reported second quarter net income of $1.50 a share, down from the $1.75 earned a year ago but above the mean of most analysts' estimates.

Plains Resources, in which trading was halted on Friday because of concern about the state of its Miami Fee oil wells, dropped $2⅝ to $15 on the Amex after saying that its Miami Fee Number 3 well had been unsuccessful so far.

On the Nasdaq market, Borland International lost $1¾ to $46 on news that the company *will have to pull some disputed* features from a spreadsheet program after a court ruled late on Friday that Borland had illegally copied part of a Lotus program. Mr Rick Sherlund of Goldman Sachs cut his earnings estimate for Borland to reflect the ruling's impact on the company's bottom line.

● Toronto was closed for a public holiday yesterday.

SOUTH AFRICA

JOHANNESBURG fell in thin trading as the two-day general strike, led by the ANC, began. The gold index dropped 28 or 2.6 per cent to 1,041, the industrial index lost 27 to 4,215 and the overall index shed 21 to 3,409.

EUROPE

Frankfurt drops on fears of Lombard rate rise

INTEREST rate fears weighed on Frankfurt yesterday, but Paris and Milan jumped on domestic developments, *writes Our Markets Staff.*

FRANKFURT weakened on fears that the Bundesbank may be forced to lift the Lombard rate at Thursday's council meeting. While most analysts think this is unlikely, the market has become so nervous that the slightest rumour is enough to drive prices down. Renewed pressure on Allianz and Deutsche Bank led the *FAZ index down 5.06 to 631.84* at midsession, while the DAX index ended down 20.71 at 1,594.71, its lowest close for seven months. Turnover was a low DM3.8bn after DM4.6bn on Friday.

Allianz remained vulnerable, reaching an intraday low of DM1,722 before recovering *slightly to close down DM60* or 3.3 per cent at DM1,777. Deutsche Bank worsened, losing DM12 to DM637 ahead of tomorrow's half-year results which are expected to be disappointing. Dresdner Bank, which reports today, was down DM2 at DM325.

FT-SE Eurotrack 100 - Aug 3							
Hourly changes							
Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1064.44	1064.12	1065.87	1066.65	1066.32	1066.55	1066.09	1069.17
Day's High 1069.87				Day's Low 1063.62			
Jul 31	Jul 30	Jul 29	Jul 28	Jul 27			
1067.77	1068.92	1077.69	1058.38	1056.98			

Base value 1000 (26/10/90).

Among car makers, BMW continued to outperform, up DM3.80 at DM556.80. James *Capel in London issued a sell* note on the stock yesterday, following a visit to the company on Friday. The broker forecast that BMW's earnings growth in 1992 and 1993 will be stunted by weakness in the dollar against the D-Mark, a less favourable model and engine mix, falling Japanese sales and a higher tax charge.

Lufthansa was again weak after last week's announcement that it was to shed some non-profitable US routes. Its shares fell DM9.50 or 8.7 per cent to DM100.

PARIS jumped on news that an opinion poll showed 57 per cent in favour of the Maastricht treaty. But analysts warned that the market was *being driven by sentiment* rather than fundamentals and that a rally could be short-lived. The CAC-40 index finished 29.77 or 1.7 per cent higher at 1,784.44 in moderate turnover of FFr1.5bn.

Financials were lifted by a strong bond market as Société *Générale rose FFr26.60* or 5.9 *per cent* to FFr475.60 and UAP recovered from a low of FFr275.50 to close FFr3.40 down at FFr393.10.

LVMH was another winner, rising FFr156 to FFr3,736 but Euro Disney failed to join in the rally, losing another FFr1.20 to FFr83.80.

MILAN jumped 3.7 per cent following the well-publicised agreement between the government, trade unions and employers to scrap wage indexation. There were hopes that *the accord would allow the* Bank of Italy to cut interest rates. The Comit index rose 14.92 to 416.64 in turnover estimated at around L100bn after Friday's L87.4bn.

Traders attributed most of the rise to professional short-covering, and to a slight improvement in attitude from domestic investment funds. But there was virtually no foreign interest, apart from some residual selling. Fiat rose L244 to L4,624, Montedison rose L70 to L1,190 and Generali rose L175 to L27,520.

Due to a breakdown in the computer trading system, closing prices of the 35 shares listed on the system had to be fixed by traditional open outcry at the end of the session.

The Banca Popolare di Bergamo-Credito Varesino, created by a merger between the two regional banks, made its debut on the main market yesterday. It closed L120 higher at L13,670.

ZURICH's SMI index lost 3.2 to 1,794.9 in quiet trading. Nestlé bearers fell SFr130 to SFr9,240 and its registered *shares lost SFr70 to SFr9,250.*

BRUSSELS was weaker, and trading in Clabecq was temporarily suspended after the steel maker predicted heavy 1991-92 losses. Clabecq closed BFr250 or 19.2 per cent lower at BFr1,050. The Bel-20 Index lost 7.48 to 1,137.78.

Electrabel bucked the trend, gaining BFr40 to BFr4,550 in spite of the government announcing in its budget package yesterday that it plans to levy a new fixed tax on electricity producers.

AMSTERDAM enjoyed a stronger day, the CBS Tendency index rising 0.4 to 116.6.

Akzo gained Fl 2.70 to Fl 146.50 ahead of today's half-year results which are expected to be positive. Philips, which reports on Thursday, improved 50 cents to Fl 24.50.

STOCKHOLM slipped in featureless trading. The Affärsvärlden General Index eased 2.3 to 859.4 in thin turnover of SKr182m. Astra continued to dominate trading, as the A share slipped SKr1 to SKr558.

The dollar-sensitive forest *sector fell 1.4 per cent* while the wholesale and retail sector posted the session's best result, up 1.6 per cent as Hennes & Maurtiz rose SKr4 to SKr139.

OSLO's all-share index fell 2.15 to 381.01 in turnover of *NKr52.92m, the lowest since* September 1988. Uni Storebrand free A shares fell NKr3 to NKr25 on news of its planned share issue.

VIENNA's ATX index slumped 15.71 or 2 per cent to 766.91 on news of further developments in the finance ministry inquiry into possible insider trading in OMV shares in late June and early July.

ISTANBUL eased ahead of today's publication of July inflation figures. The 75-share index closed 7.95 lower at 4,256.18.

ASIA PACIFIC

Nikkei falls as daily volume declines to 10-year low

Tokyo

SHARE prices lost ground in subdued trading as volume fell to 121m shares, the lowest *since August 1982, writes Emiko Terazono in Tokyo.*

The 225-issue Nikkei average ended 200.83 down at 15,709.45 after a day's high of 15,954.44 and low of 15,665.40. The index rose at mid-morning on light index-linked buying, but later drifted lower on small-lot speculative selling.

Volume dropped from Friday's 200m as investors remained inactive. Falls led advances by 621 to 289, with 156 issues unchanged. The *Topix index of all first section* stocks slipped 11.81 to 1,207.44, and in London the ISE/Nikkei 50 index eased 1.65 to 955.92.

Stock prices moved in tandem with the futures market, with little demand from investors. Traders expressed worries about the meagre turnover and were pessimistic about the effects of lower interest rates. An analyst at Daiwa Securities commented: "Rates on bank deposits are being lowered next week, but the market *lacks incentives to attract* investors."

According to Daiwa, the daily average trading value on the Tokyo Stock Exchange fell from June's Y219.2bn to Y189.2bn in July, moving below Y200bn for the first time since August 1984.

Foreign investors, who had been steady buyers of Japanese stocks, have also turned negative on the Tokyo market. The Finance Ministry said foreigners sold a net $1.96bn worth of *Japanese stocks in June,* turning net sellers for the first time since November 1990.

Nippon Telegraph and Telephone, the domestic telecom company, receded Y6,000 to Y582,000 and KDD, the international telecom group, lost Y140 to Y8,200. The lifting of the foreign ownership ban on the two stocks at the start of this month has failed to attract buyers.

High-technology issues retreated on profit-taking. *Toshiba, the most active issue* of the day, dipped Y4 to Y610 and Hitachi Y3 to Y720.

Speculative theme stocks weakened as dealers and individuals liquidated short-term holdings. Meiji Milk Products fell Y40 to Y835. However, some suppliers of satellite television parts rose on hopes that the Olympic Games would boost demand for satellite television sets. Ikegami Tsushinki advanced Y38 to Y775 and Denki Kogyo Y30 to Y630.

In Osaka, the OSE average lost 123.89 to 17,626.86 in turnover of 6.4m shares, down from Friday's 12.9m. Trading volume on the OSE in July fell 2.7 per cent from June to 328.3m shares, the lowest monthly figure since May 1958.

Volume of the Nikkei 225 stock index futures fell 5.4 per cent from the previous month to 1.2m contracts, with average daily turnover dropping 9.5 per cent to 51,808 contracts. Futures options traded during *July totalled 974,737 lots,* up 22.9 per cent from June.

Roundup

THE Pacific Rim put in a mixed performance yesterday.

HONG KONG moved ahead on selective buying of blue chips amid expectations of positive corporate results. The Hang Seng index put on 29.60 to 5,910.73 as turnover dipped to HK$1.76bn from HK$2.15bn.

Hang Seng Bank, with *interim results due next week,* added HK$1 at HK$54.5, while Cheung Kong, which reports half-time figures on Thursday, climbed 30 cents to HK$24.80.

BANGKOK rose across the board in active trading as investors were cheered by the government's decision to replace top military officers held responsible for the May shooting of pro-democracy campaigners. The SET index gained 12.80, or 1.7 per cent, to 757.22 in turnover of Bt9.4bn.

MANILA declined as profit-takers moved in following the composite index's failure on Friday to break through 1,500. The index relinquished 19.68 to 1,479.82 in turnover of 96.9m pesos. Mining shares led the market lower, the sector's sub-index shedding 90.56 to 2,892.70.

TAIWAN finished lower in thin trading as major players and institutions took profits after recent gains. The weighted index lost 29.76 to 4,072.08 in turnover of T$18bn, against Saturday's half-day T$22.68bn.

AUSTRALIA ended a shade off after hardly moving all day, due to a bank holiday in New South Wales. The All Ordinaries index eased 0.5 to 1,617.3 in light turnover of A$149.8m.

Challenge sank 8 cents to A$2.12 after the bank said it would have a one-for-four rights issue and forecast a A$43.5m loss for the year to September.

SINGAPORE edged lower at the close in thin trading. The Straits Times Industrial index shed 6.86 to 1,444.98 in volume of 23.2m shares, down from Friday's 36.2m.

KUALA LUMPUR closed mixed to easier as bargain hunting alternated with bouts of profit-taking. The composite index was off 0.14 at 601.39 in volume of 69.1m shares, against 72.3m on Friday.

KARACHI suffered its worst daily fall in six months as the textile sector reported a sharp contraction in cotton yarn sales. The 100-share index lost 39.15 to 1,247.12.

BOMBAY came off the day's lows, aided by late institutional support. The BSE index ended 4.41 down at 2,722.65, after touching 2,697.04.

US soars in the summertime heat

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1992	Start of 1992
Austria	+1.63	-12.36	-24.83	-9.31	-9.53	-7.16
Belgium	+0.48	-2.49	-3.11	-0.40	-0.56	+2.05
Denmark	+0.80	-3.71	-20.47	-13.44	-12.34	-10.05
Finland	-0.56	-10.69	-30.38	-10.25	-10.64	-8.31
France	+1.20	-6.43	+1.69	+0.20	+1.16	+3.80
Germany	-0.55	-9.17	-5.83	-0.81	-0.93	+1.67
Ireland	-0.53	-2.06	-13.47	-8.46	-7.91	-5.50
Italy	-0.25	-10.08	-28.24	-19.13	-19.12	-17.00
Netherlands	+1.22	-3.32	-1.11	+3.74	+3.55	+6.25
Norway	+1.19	-2.74	-27.24	-7.86	-7.82	-5.41
Spain	+1.39	-10.03	-17.92	-12.76	-12.82	-10.54
Sweden	+4.13	-5.29	-16.12	+1.29	+1.92	+4.60
Switzerland	+2.45	-4.07	+4.15	+8.66	+8.81	+11.66
UK	+0.74	-4.71	-7.85	-3.87	-3.87	-1.35
EUROPE	+0.82	-5.92	-7.40	-2.95	-2.80	-0.26
Australia	+0.53	-3.42	+0.37	-3.61	-8.03	-5.63
Hong Kong	+1.48	-4.59	+45.25	+37.82	+35.08	+38.62
Japan	+2.05	-4.80	-33.72	-26.84	-31.97	-30.16
Malaysia	+1.14	+0.81	-3.46	+4.48	+10.77	+13.68
New Zealand	-0.53	-1.69	0.00	-2.95	-4.54	-2.04
Singapore	+2.87	-5.35	-1.62	-4.97	-6.97	-4.53
Canada	+0.65	-0.19	-5.50	-3.42	-8.11	-5.71
USA	+2.96	+2.98	+9.92	+1.68	-0.91	+1.68
Mexico	-0.68	-5.07	+26.87	+2.00	-2.86	-0.31
South Africa	+2.33	-5.71	-0.81	-0.01	-19.53	-17.42
WORLD INDEX	+2.02	-1.88	-8.89	-8.60	-10.96	-8.63

† Based on July 31st 1992. Copyright, The Financial Times Limited, Goldman, Sachs & Co.and County NatWest Securities

By John Pitt

It is the height of summer, the Olympic Games are in full swing and most investors' thoughts have wandered to the annual holiday. Yet as Wall Street heads for record levels it is apparent that there are still some investors who are delaying their leave. Last week the FT-Actuaries World index put on 2 per cent, its first appreciable gain for *nearly a month.*

The rally in the US started on Tuesday, when sentiment was boosted by a fall in long-term bond yields, and also better than expected second quarter results from Chrysler that lifted car manufacturers in general.

Japan also contributed to the stronger World index. After a disappointing start to the week when the Nikkei average sank to a new six-year low, narrowly avoiding a fall below 15,000 on Wednesday, sentiment took a turn for the better as the government announced that it was bringing forward by a month its *plans to stimulate the economy.* By the weekend the index had more than recouped its losses.

The situation in continental Europe was not so encouraging. Comments by Mr Helmut Schlesinger, the Bundesbank president, effectively dashing any hopes for lower German interest rates this year, held back share prices. The downgrading of Allianz following its first-ever underwriting losses, and fears that Deutsche *Bank's first-half earnings, due* to be published tomorrow, will fail to meet forecasts also hurt the German market.

However, both Sweden and Switzerland ignored Mr Schlesinger's pessimistic analysis and showed firm gains on encouraging domestic news.

Astra enjoyed foreign buying on reports of strong US sales, while Skandia moved ahead as it appeared that a solution was in prospect to Uni Storebrand's attempt to *take control of the Swedish* insurer. Switzerland took comfort from satisfactory results from Union Bank and a strong chemical sector.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY AUGUST 3 1992								FRIDAY JULY 31 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (69)	142.20	−0.1	109.58	114.38	109.12	127.12	−0.1	4.30	142 36	109 93	114.60	109.54	127.26	153.68	140.94	148.85
Austria (19)	152.61	−1.3	117.60	122.76	117.11	117.52	−1.2	2.49	154.61	119 38	124 46	118.96	118.99	186.70	150.55	177.47
Belgium (42)	146.91	−0.3	113.20	118.16	112.73	110.50	−0.3	5.57	147.30	113.74	118.57	113.34	110.79	152.27	135.87	131.44
Canada (114)	128.58	+0.0	99.08	103.42	98.66	110.24	+0.0	3.17	128.52	99 24	103 46	98.89	110.24	142.12	124.32	139.28
Denmark (35)	237.21	−1.3	182.79	190.81	182.03	183.41	−1.3	1.91	240.31	185.56	193 45	184.91	185.81	273.94	226.81	259.92
Finland (15)	71.35	−0.3	54.98	57.40	54.76	80.67	−0 2	2 33	71.54	55 24	57 59	55.04	80.77	89.80	69.74	99.48
France (104)	158.80	+1.7	122.37	127.73	121.85	124.24	+1.4	3.62	156 16	120.59	125.70	120.15	122.54	168.75	148.06	131.42
Germany (64)	118.76	−0.4	91.51	95.54	91.13	91.13	−0.7	2.51	119 29	92.11	96 04	91.78	91.78	129.69	114.67	108.45
Hong Kong (54)	245.90	+0.6	189.48	197.79	188.70	244.07	+0.5	3.36	244.47	188.78	196.80	188.12	242.76	259.55	176.36	169.54
Ireland (16)	158.40	−0.1	122.06	127.41	121.55	123.86	+0.0	4.26	158 58	122.45	127 66	122.02	123.86	173.71	151.78	154.84
Italy (78)	65.58	+4.8	50.53	52.75	50.32	54.61	+4.4	3.80	62.57	48.32	50 37	48.14	52.30	80.86	61.30	76.11
Japan (473)	93.90	−1.0	72.36	75.53	72.07	75.53	−1 1	1.13	94.83	73 22	76.34	72 97	76.34	140.95	88.70	131.48
Malaysia (69)	242.56	−0.4	186.91	195.10	186.12	233.68	−0.4	2.69	243.47	188.00	195.98	187.33	234.51	250.47	212.49	222.02
Mexico (18)	1403.24	+1.2	1081.31	1126.72	1076.81	4772.23	+1.2	1.28	1386.80	1070.87	1116 38	1067.06	4717.84	1789.77	1303.41	1146.45
Netherland (25)	162.77	+0.3	125.43	130.93	124.91	123.73	+0.2	4.53	162 23	125.27	130.59	124.83	123.54	167.29	147.88	140.61
New Zealand (14)	46.27	+0.5	35.65	37.22	35.50	45.05	+0.5	5 04	46.02	35 54	37 05	35.41	44.81	48.52	42.01	47.55
Norway (23)	168.12	−0.6	129.55	135.23	129.01	132.52	−0.6	1.90	169 12	130 59	136.15	130.13	133.37	192.95	161.26	202.16
Singapore (38)	207.58	−1.0	159.96	166.97	159.29	154.06	−1.1	2.15	209.73	161.95	166 83	161.37	155.85	229.63	192.76	196.98
South Africa (61)	203.45	−1.0	156.77	163.64	156.11	171.85	−0.6	2.96	205.55	158 72	165 46	158 15	172.97	263.60	194.69	237.63
Spain (49)	140.45	+0.4	108.22	112.97	107.77	100.07	+0.1	5.87	139.93	108 05	112.65	107 67	99.96	161.72	136.49	152.55
Sweden (30)	189.04	−0.2	145.67	152.06	145.07	150.14	−0.3	2.74	189.47	146.30	152.53	145.79	150.55	200.28	173.09	192.65
Switzerland (62)	111.66	−0.4	86.04	89.82	85.70	91.27	−0.4	2.35	112 07	86 54	90.22	86.24	91.61	113.88	95.99	94.47
United Kingdom (228)	184.65	+1.0	142.29	148.51	141.68	142.29	+0.8	5.23	182 83	141 18	147.16	140.67	141.18	200.07	165.85	176.55
USA (522)	173.10	+0.2	133.39	139.24	132.84	173.10	+0.2	2.90	172.74	133.39	139 06	132 92	172.74	173.10	160.92	156.07
Europe (790)	148.44	+0.8	114.38	119.40	113.91	114.62	+0.6	4.20	147.31	113 75	118.59	113.36	113.99	156.88	139.31	139.15
Nordic (103)	175.21	−0.6	135.01	140.93	134.45	132.72	−0.6	2.39	176.29	136.13	141.91	135.65	133.57	188.52	169.29	189.99
Pacific Basin (717)	100.72	−0.8	77.61	81.02	77.29	82.07	−0.9	1 50	101 55	78 41	81.75	78.14	82.81	141.97	94.40	132.87
Euro – Pacific (1507)	120.02	+0.0	92.48	96.53	92.09	95.53	−0.2	2.85	120 06	92 71	96 64	92 37	95.70	145.21	113.80	135.70
North America (636)	170.31	+0.2	131.24	137.01	130.72	168.82	+0.2	2.91	169 97	131.25	136.84	130.81	168.48	170.31	158.70	154.95
Europe Ex. UK (562)	126.53	+0.6	97.50	101.80	97.12	96.67	+0.4	3.45	125 79	97.13	101 28	96 61	96.29	132.98	121.81	116.93
Pacific Ex. Japan (244)	167.93	+0.1	129.40	135.10	128.86	149.88	+0.1	3.58	167.79	129.57	135 09	129 12	149.79	175.31	149.00	146.63
World Ex. US (1700)	122.01	+0.0	94.02	98.15	93.63	97.96	−0 2	2.85	122 06	94 25	98.26	93 92	98.14	146.91	116.45	137.48
World Ex. UK (1994)	133.92	−0.1	103.19	107.72	102.77	118.72	−0.1	2.57	133.99	103.46	107.87	103 11	118.86	150.56	127.21	139.50
World Ex. So. Af. (2161)	137.91	+0.1	106.27	110.94	105.84	120.42	+0.0	2.87	137.80	106.41	110 94	106.04	120.42	153.05	130.04	142.11
World Ex. Japan (1749)	162.93	+0.4	125.55	131.07	125.05	147.06	+0.3	3.39	162.32	125 34	130.68	124.92	146.61	165.40	153.20	150.04
The World Index (2222)	138.30	+0.1	106.57	111.25	106.13	120.90	+0.0	2.87	138.21	106 72	111.26	106.35	120 91	153.70	130.66	142.72

Irish market closed August 3.